

AGRICULTURAL OUTLOOK

September 1985

Economic Research Service
United States Department of Agriculture

Focus on the Livestock Industry

AGRICULTURAL OUTLOOK

September 1985/AO-112

Departments

- 2 Agricultural Economy
- 15 Farm Income
- 21 World Agriculture and Trade
- 24 General Economy
- 26 Inputs

Special Article

- 28 Livestock Industry Adjusting to Continuing Pressures

Statistical Indicators:

- | | |
|-----------------------------------|----------------------------------|
| 32 Summary Data | 42 Crops and Products |
| 33 Farm Income | 45 Supply and Utilization: Crops |
| 34 Transportation Data | 47 General Economic Data |
| 34 Farm Prices: Received and Paid | 48 U.S. Agricultural Trade |
| 35 Producer and Consumer Prices | 52 World Agricultural Production |
| 37 Farm-Retail Price Spreads | |
| 39 Livestock and Products | |



Acting Economics Editor—Herb Moses (202) 786-3313

Managing Editor—Sherrie M. Biernacki (202) 786-1494

Editorial Staff—Shirley Hammond

Statistical Coordinator—Ann Duncan (202) 786-3313

Production Staff—Brenda Powell; Joyce Bailey; Susan DeGeorge

For more information, contact:

Commodity Highlights—Allen O. Johnson (202) 786-3313

Farm Income—Jim Johnson (202) 786-1800 and Gary Lucier (202) 786-1807

Food Prices—Ralph Parlett (202) 786-1870

General Economy—Dave Torgetson (202) 786-1283

Marketing Costs—Denis Dunham (202) 786-1870

Transportation—T. G. Hutchinson (202) 786-1874

World Agriculture and Trade—Gerald Rector (202) 786-1671, Tom Worden (202) 786-1621, and Steve MacDonald (202) 786-1621

The Agricultural Outlook staff is moving,
so our telephone numbers will be
changing. Please bear with us.

Contents of this report have been approved by the World Agricultural Outlook Board, and the summary was released August 19, 1985. Materials may be reprinted without permission. Agricultural Outlook is published monthly, except for the January/February combined issue. Price and quantity forecasts for crops are based on the August 12 World Agriculture Supply and Demand Estimates.

Annual subscription: \$29.00 U.S., \$36.25 foreign. A 25-percent discount is offered on orders of 100 copies or more to one address. Order from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Make check payable to Superintendent of Documents. Allow 6 to 8 weeks for delivery.

Current subscribers will receive a renewal notice from the Government Printing Office approximately 90 days before their subscription expires. The notice will be sent ONLY ONCE and should be returned promptly to ensure uninterrupted service.

The next issue of Agricultural Outlook (AO-113) is scheduled for mailing on October 1, 1985. If you do not receive AO-113 by October 15, call the Managing Editor (be sure to have your mailing label handy). The full text and tables of AO-113 will also be available electronically. For more information, write EMS/USDA, 1301 New York Avenue, N.W., Room 228, Washington, D.C. 20005-4788, or call (202) 786-1494.

In Brief . . . News of 1985 Crops, Livestock, and 1984 Farm Income Estimates

Wheat, soybean, and cotton seedings were down this year, but feed grain plantings were up. Despite inadequate moisture in some areas, crops have been doing well. The Corn Belt has benefited from an early spring and summer temperatures on the cool side of normal. National yields will be about on trend and should top last year. While larger crops are forecast, not much expansion in use is likely. Farmers face a difficult situation because export markets are sluggish.

For cattle producers, cash flow problems and eroding equity continue to be major concerns. These financial problems, along with some drought reductions in forage supplies, are still causing herd cutbacks. The July 1 Cattle report indicated that the inventory was down 4 percent from a year earlier.

Hog production costs recently have been the lowest since early 1983 because of relatively low prices for feed and manufactured inputs. Nevertheless, weak hog prices kept producers' returns below breakeven during first half 1985. In July, hog prices averaged \$47 per cwt; with stable production costs continuing, July returns were slightly above breakeven. However, seasonally lower hog prices this fall may push returns below breakeven once again, even with a record corn crop. The corn price this fall is the pivotal cost factor.

Output of young chicken meat from federally inspected plants during second-quarter 1985 was 6 percent above second-quarter last year. The number of birds slaughtered was up 4 percent, and weights were up 1 percent. Heavier birds continue to be in demand for further processing, and the larger amount of white meat on such birds improves returns. Producers have been placing more birds for third-quarter slaughter, and output



may be up 4 to 6 percent from last year.

Egg producers' financial standings are still being squeezed by low returns. Even though the cost of producing and marketing eggs at wholesale has declined since 1984, this decline—mostly from low feed ingredient prices—has been more than offset by a drop in the wholesale price received for eggs.

Supplies of fresh noncitrus fruit will be lower this fall. The initial forecast for the 1985 apple harvest, 8.07 billion pounds, is 3 percent below last year, with the crop in Washington (the leading apple-producing State) down 15 percent. In addition, the pear crop will likely be down 7 percent from last year and 16 percent from 1983. Citrus fruit prices are expected to stay relatively high this fall because the 1985/86 crop will probably be small, a result of freeze damage to trees in Florida and Texas in 1983 and 1985.

If loan rates and prices for 1986-crop U.S. cotton dropped sharply from the current level of about 57 cents a pound, would disappearance expand sufficiently to reduce cotton stocks? Sharply lower loan rates are not inconceivable. Both Congress and the Ad-

ministration believe that lower prices would encourage consumer preferences for natural fibers while discouraging foreign cotton production. The subsequent increases in mill use and exports, combined with continued supply management programs, it is argued, would eventually lead to higher prices.

The current forecast for net farm income in 1985 is \$22 to \$26 billion, with net cash income expected to total \$34 to \$39 billion. First estimates for 1984 indicate that net farm income reached \$34.6 billion, while net cash income rose slightly to \$39.1 billion. Both cash receipts and production expenses rose.

Global coarse grain production in the 1980's has grown phenomenally. Consumption and stocks are at record or near-record levels. The global outturn for 1985/86, at 837 million metric tons, should break the previous year's record by more than 31 million. Livestock feeding will likely also grow, reaching over 521 million tons.

U.S. farmers are projected to purchase \$6.4 to \$6.6 billion worth of new and used machinery in 1985, down from a depressed \$7.3 billion last year. The continued weakness of the U.S. farm economy has cut demand for new machinery, severely affecting the domestic farm machinery industry.

Current production techniques for beef, pork, and poultry bear little resemblance to those of 30 or more years ago. Over the past several decades, livestock and poultry producers have modernized their production processes, taking advantage of technology to raise output and lower costs. As a result, total meat production has expanded and is now record high. Furthermore, meat consumption patterns have changed dramatically, and market shares have shifted among beef, pork, and poultry.



Agricultural Economy

Farmers are preparing for fall harvest. Most crops are past the reproductive stage, and the August *Crop Production* report and weather indicate plentiful supplies of grains, oilseeds, and cotton. Total crop production in 1985 may be up about 2 percent, even though planted area was off a little because of farm programs to reduce acreage.

Wheat, soybean, and cotton seedings were down, but feed grain plantings were up. Despite inadequate moisture in some areas, crops have been doing well. The Corn Belt has benefited from an early spring and temperatures on the cool side of normal this summer. National yields will be about on trend and should top last year's.

While larger crops are forecast, not much expansion in use is likely. Farmers face a difficult situation because export markets are sluggish. Growth in the general economies of most countries is slowing, and many foreign markets have several willing sellers to choose between. Also, some competing exporters subsidize their sales to gain market share. Furthermore, even though the value of the dollar has declined somewhat in recent months, it remains high by historical standards.

Thus, the volume and value of agricultural exports will fall this year, decreasing the agricultural trade balance. Just 4 years ago, it was at a high of nearly \$27 billion.

Domestic use of feed grains and soybeans may pick up a little, but in general, total crop use during 1985/86 will not be large enough to prevent a further buildup in stocks. With large supplies overhanging the market and export prospects looking weak, prices of most crops will remain near price support levels. Farm policy decisions being debated in the Congress will also have an impact on the prices farmers receive next year.

Large 1985 harvests mean livestock and poultry feeders will continue to enjoy an abundant supply of low-cost feed. But, as in the recent past, feeders are not likely to step up activity very much because, even with cheap feed, returns to both cattle feeders and pork producers have been fairly low this year. Market prices of cattle and hogs declined in the late winter and spring, and have not perked up this summer.

Price declines reflect a combination of events. Most important of these is that meat supplies are again large this year. Per capita meat consumption could reach 212 pounds, a record, with declines in beef and pork being more than offset by increases in poultry.

Meat supplies have been augmented by the selling off of breeding stock and heifers and gilts originally intended as replacement animals. Many farmers, especially those in mixed crop-livestock farming areas, have sold additional animals to provide extra cash for paying debts or for raising money to pay for crop production inputs.

Meat supplies have also been increased by heavier slaughter weights. Cattle feeders expected stronger prices in the spring, but when they did not develop, cattle were kept on feed longer in hopes that the market would turn around. But this only added to the total supply of meat available and increased price discounts for highly finished cattle. Hog weights have also been up, reflecting good weather and low-cost feed.

Meanwhile, broiler production has continued to expand, even though prices have declined this year. Reduced feed costs have helped maintain returns. Broiler production has been up about 5 percent so far this year, and similar increases are likely this fall. Production gains would have been somewhat greater, but broiler housing is a limiting factor.

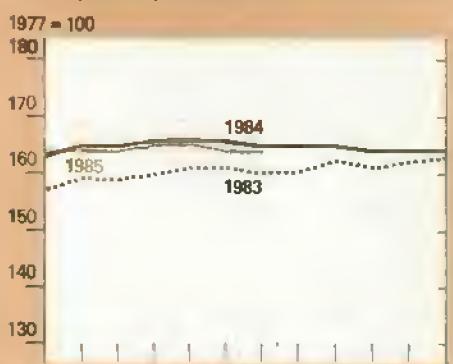
Meat production this fall is expected to drop below year-earlier levels for the first time since summer 1984. The pattern of meat production will be the same: less beef and pork, but more broilers. Livestock prices will likely respond, but a rather lackluster general economy that will temper consumer demand for meat will probably hold down price increases.

Looking a little further into the future, meat production may taper off somewhat next year. Hog farmers have still not shown solid indications that they are expansion-minded, and the cattle inventory is still declining. The total number of cattle on farms was down 4 percent at midyear, including 7 percent fewer beef cows and 11 percent fewer beef cow replacements. The implications for the future are clear, beef production will fall.

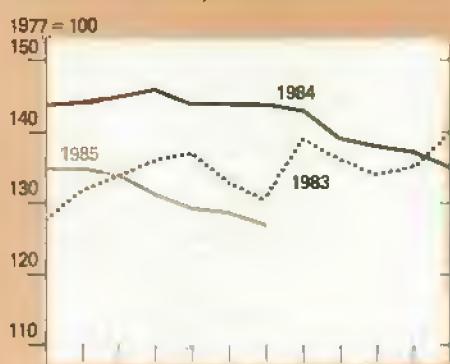
The timing of the decline and the extent of the turnaround in production is less clear. The 1985 calf crop, which will provide feeder cattle for placement this fall and in 1986, is off only 3 percent. Beef production may be augmented by the continued selling of the breeding herd and by feeding to heavier weights. However, once cattle producers decide that they want to expand their herds, beef production could decline sharply as more cattle are held for breeding. Since the reproductive cycle for cattle is long, it could take several years before beef production picks up again. [Donald Seaborg (202) 786-1564]

Prime Indicators of the Agricultural Economy

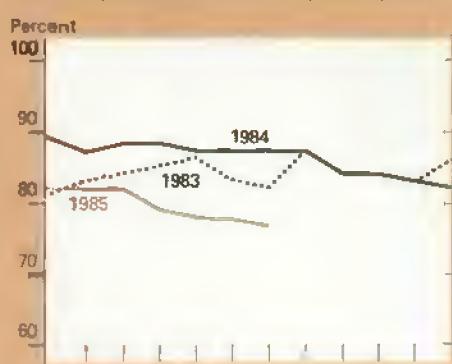
Prices paid by farmers¹



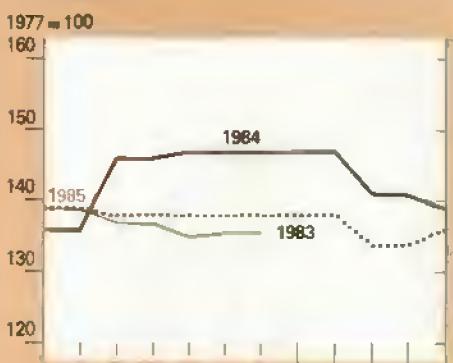
Prices received by farmers²



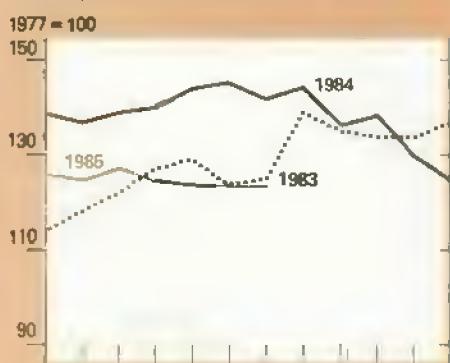
Ratio of prices received to prices paid



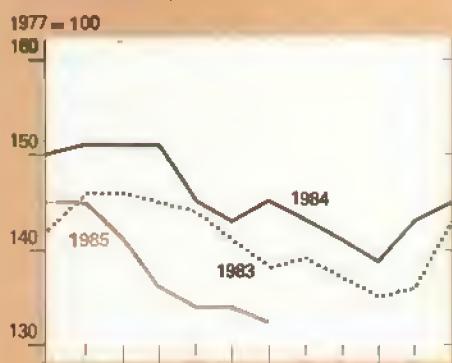
Fertilizer prices³



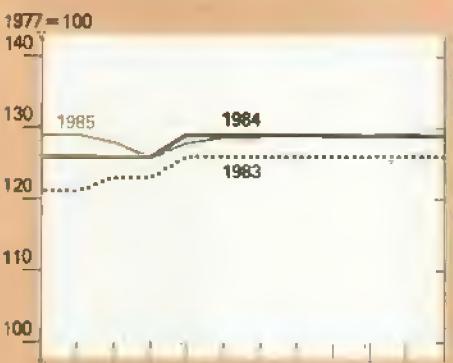
All crops⁴



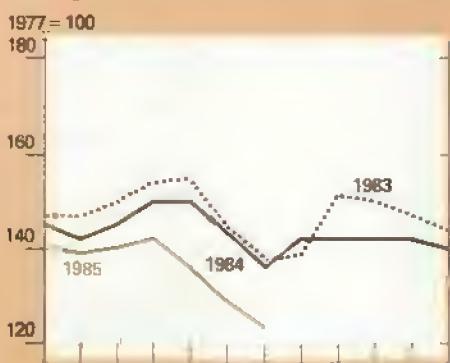
Livestock and products⁴



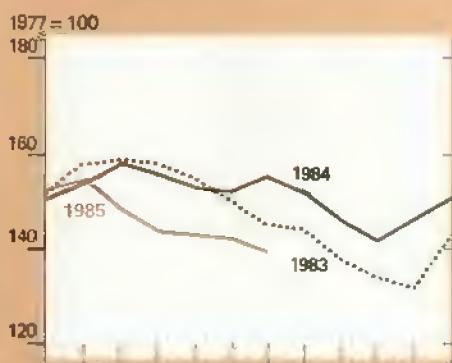
Agricultural chemicals³



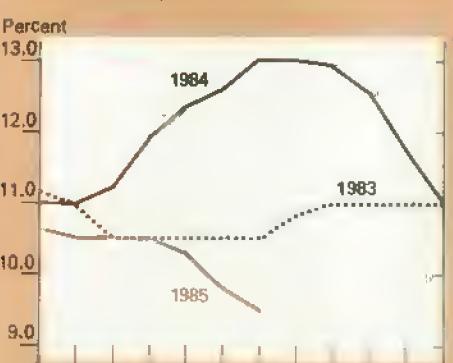
Food grains⁴



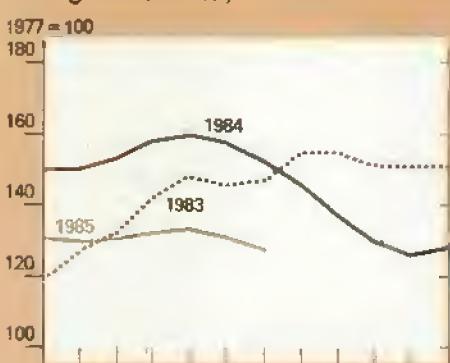
Meat animals⁴



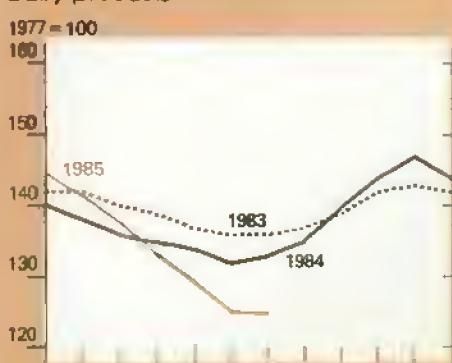
Interest rates—prime rate



Feed grains and hay⁴



Dairy products⁴



¹For commodities and services, interest, taxes, and wages.

²For all farm products.

³Index of prices paid; 1977 = 100.

⁴Index of prices received; 1977 = 100.

LIVESTOCK HIGHLIGHTS

• Cattle

Cash flow problems and eroding equity continue to be major concerns for producers. These financial problems, along with some drought-reduced forage supplies, are still causing herd reductions.

The July 1 *Cattle* report indicated that the inventory was down 4 percent from a year earlier, to 116.3 million. Beef cows, at 35.3 million, were down 7 percent from a year earlier. Also, and perhaps more important in the longer term outlook, beef replacement heifers were down 11 percent. Coinciding with fewer replacement heifers was a 3-percent increase in the number of "other" heifers. Producers may have intended these heifers to be replacements, but sharp price drops throughout the first half of 1985 probably discouraged this.

Beef cow slaughter during the first half was 14 percent below a year earlier. But compared with the sharply reduced inventory, the weekly slaughter was relatively large. The low heifer retention indicates that producers may replace only 60 percent of the cows slaughtered during 1985. Not since before 1950 has retention been this low.

The 1985 calf crop was estimated at 41.1 million, a 3-percent decline from a year earlier. Cow slaughter as a proportion of the herd remains high. This, combined with a low replacement rate and a smaller calf crop, could push the inventory down to about 107 million or lower on January 1, 1986.

The number of cattle on feed as of July 1 was about even with a year earlier. Fed marketings during the second quarter were up 3 percent from a year ago; however, net replacements on feed were down 5 percent.

Because cattle feeders delayed marketings throughout the first half in anticipation of higher prices for Choice steers, dressed weights for federally inspected slaughter rose to 665 pounds in May, a record. The problem was compounded by low feed grain prices and

good weather that enhanced feedlot gains. Commercial cattle slaughter during the second quarter was down 3 percent from a year earlier, but commercial beef production was up 2 percent. Commercial dressed weights for the second quarter averaged a record 656 pounds.

The increase in fed marketings during the second quarter provided little relief to the backlog problem. Steers and heifers in the two heaviest weight groups were up 6 percent from a year earlier. Steers in the heaviest group were up 36 percent from a year earlier, while heifers in that group were up 15 percent. Most of these cattle were marketed through July. A 7-percent increase in the number of heifers weighing 700-900 pounds implies that fed marketings will remain high through the end of the third quarter.

Beef production during the third quarter will likely remain near a year earlier. At the same time, pork and poultry production will be above a year ago. With continued large total meat production, cattle prices probably will remain weak. Choice steer prices at Omaha averaged a lackluster \$57.66 during the second quarter and may drop to around \$54 in the third quarter, compared with \$64.28 a year earlier.

Yearling steer prices at Kansas City were supported by stocker demand until late spring and averaged \$67.01 per cwt during the second quarter, versus \$63.94 a year earlier. Prices fell in response to low fed steer prices in June. Third-quarter prices may average about \$60.

Utility cows averaged \$41.22 at Omaha during the second quarter, down only about \$1 from a year earlier. Strong demand for relatively lower priced hamburger has supported Utility cow prices this year. A seasonal increase in cow slaughter will pressure prices down to about \$36 during the third quarter.

If feedlots become current during early fall, production may drop about 5 percent from a year earlier because of fewer fed marketings and lower dressed weights. Fewer placements in the second quarter will lead to decreased fed marketings during fall. Total meat production may still only drop about 2 percent, so price increases

will be limited. Choice steer prices may average \$60 to \$64 during the fourth quarter. For the year, prices are expected to average \$58 to \$60 per cwt, well below last year's \$65.34.

Feedlot placements will increase seasonally this fall, but will still be down about 5 percent from a year earlier. Stronger Choice steer prices and low feed grain prices this fall will support increased placements.

Feeder cattle supplies on July 1 were down about 4 percent from a year earlier because of smaller calf crops and fewer yearlings placed on feed. As feeders bid for the decreased supply of feeder cattle, yearling steer prices could strengthen and average \$63 to \$67 during the fourth quarter.

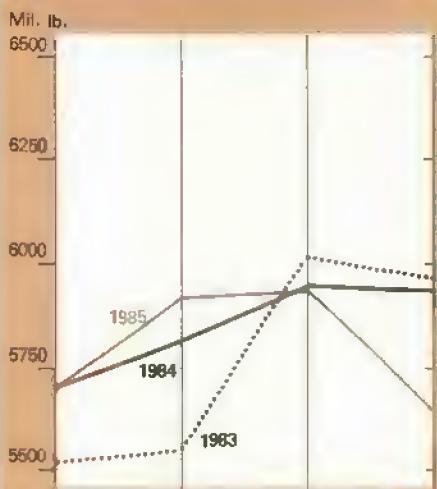
Seasonal increases in nonfed steer and heifer, and cow slaughter will temper Utility cow prices this fall, but they may still average \$36 to \$40, about the same as a year earlier.

Beef production during first-quarter 1986 will likely be down about 4 percent from the same period this year. Fed cattle marketings will likely be about the same as a year earlier, but cow slaughter should be down sharply, leading to about a 5-percent decline in total slaughter. Choice steer prices will likely recover and average in the low to mid-\$60's for the quarter. Yearling steer prices should also be stronger, likely reaching to the upper \$60's.

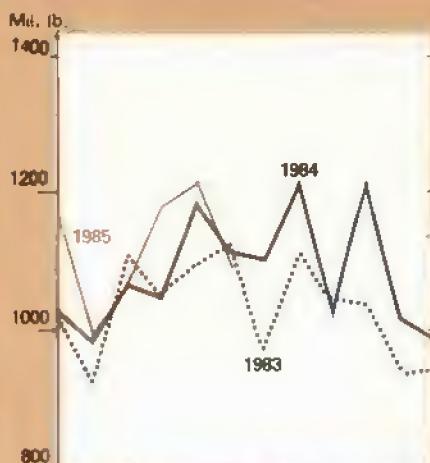
For 1986, beef production could be down 5 to 7 percent. This sharp drop in production should help boost prices. However, price increases will be limited by relatively large total meat supplies, which are expected to be down only 2 percent from this year's record production. So, Choice steer prices may average \$63 to \$69 for the year. Yearling steers may average \$66 to \$70, and Omaha Utility cows \$40 to \$44 per cwt. [John Nalivka (202) 786-1830]

Supplies Update: Livestock and Products

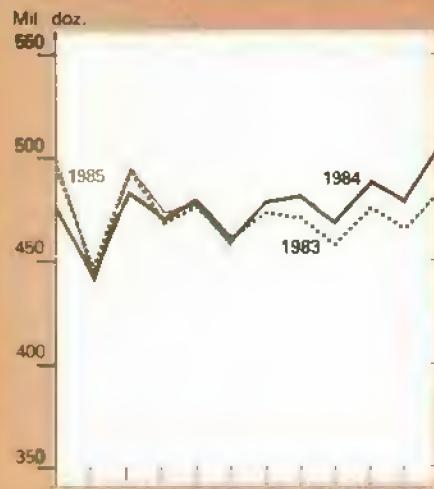
Beef^{1,5}



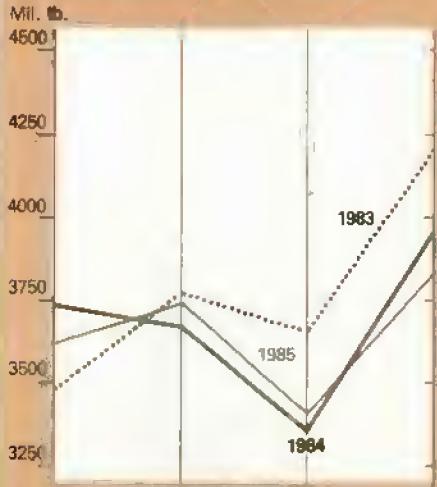
Broilers²



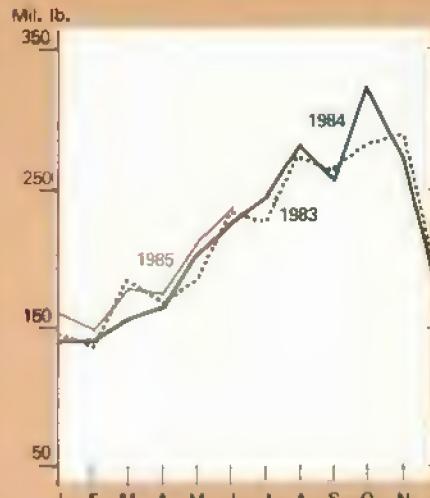
Eggs³



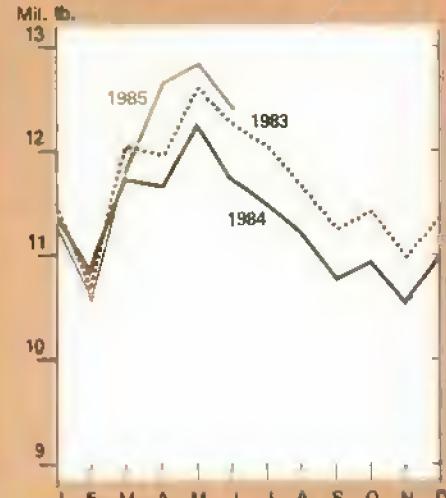
Pork^{1,5}



Turkeys²



Milk⁴



¹Commercial production. ²Federally inspected slaughter, certified. ³Farm production. ⁴Total production. ⁵Forecast for latest quarters.

Hogs

Hog production costs have been the lowest since early 1983 because of relatively low prices for feed and manufactured inputs. Nevertheless, low hog prices kept producers' returns below breakeven during first-half 1985. In July, hog prices averaged \$47 per cwt. With continued stable production costs, returns were slightly above breakeven that month. However, seasonally lower hog prices this fall may put returns below breakeven once again, even with a record corn crop. The corn price this fall is the pivotal cost factor.

Commercial pork production in the third quarter is projected at 3,400 million pounds, up 1 percent from last year. Commercial slaughter is projected to be about the same as last year, but dressed carcass weights may average about a pound heavier this year than last. Third-quarter slaughter is largely drawn from the inventory of market hogs weighing 60-179 pounds on June 1, which was 1 percent below a year ago. However, the December-February pig crop that normally makes up this inventory was up 1 percent from a year earlier. Also, the breeding inventory is forecast to continue its slow decline during the quarter, and

the number of hogs imported from Canada may be below last year because of countervailing duties.

Pork production in fourth-quarter 1985 is forecast at 3,825 million pounds, down 3 percent from a year earlier. Hog slaughter in the fourth quarter comes principally from the inventory of market hogs weighing under 60 pounds on June 1, which was down 2 percent.

Commercial slaughter for all of 1985 is forecast to be 2 to 4 percent below last year. If the forecast record corn crop

is realized and corn prices drop sharply, some gilt retention may occur this fall. In addition, countervailing duties on live hogs from Canada should slow down imports. The average dressed weight is expected to be near 1984's 174 pounds.

If producers follow their June 1 farrowing intentions and the number of pigs saved per litter increases 1 to 2 percent from 1984, the resulting pig crop would be down 2 to 3 percent. Cheap feed and prospects of improved hog prices should encourage some gilt retention in first-half 1986. So, commercial production is expected to be down 3 to 5 percent in first-half 1986.

Because of expected improved returns due to abundant corn supplies, the number of sows farrowing during December 1985-May 1986 will likely increase moderately compared with a year earlier. The number of pigs per litter is forecast to be about the same. So, the pig crop may increase 1 to 4 percent. This expected pig crop implies that commercial production may increase 1 to 3 percent in second-half 1986, as the hog cycle likely enters an expansionary phase. But for all of 1986, pork production may be down about 1 percent from 1985. The expansionary phase may continue into 1987, but the year-to-year buildup will likely be modest compared with previous cycles because of producers' financial stress.

Large competing meat supplies are pressuring hog prices this summer. Prices are expected to average \$42 to \$45 per cwt in the third quarter, compared with \$51 a year ago. In the fourth quarter, hog prices may average \$41 to \$45, as red meat production declines moderately. However, poultry production may rise, tempering gains for hog prices. Real disposable per capita income is expected to continue to grow sluggishly, limiting gains in demand.

Hog prices are projected to average near \$50 per cwt in 1986, compared with \$43 to \$45 in 1985. Red meat supplies may be moderately lower in 1986, strengthening hog prices. However, poultry production is expected to continue its long-term rise, tempering hog price increases. The likelihood of a slow rise in per capita disposable income in 1986 does not impart much strength to hog prices.

The International Trade Commission (ITC) on July 25 found that the domestic pork industry was injured by imports of live hogs from Canada, but that it did not suffer injury from imports of pork products. This was the final step in a countervailing duty suit filed by the National Pork Producers Council in November 1984. As a result of the ITC finding, countervailing duties will be levied on live hogs imported from Canada. [Leland Southard (202) 786-1830]

• Sheep and Lambs

Choice lamb prices at San Angelo averaged \$72 in the second quarter, the highest since the 1979 record. High lamb prices and low feed costs have greatly improved sheep producers' returns. Normally, this would encourage a sharp expansion in inventories; however, because of financial difficulties, many producers may have marketed ewe lambs rather than retain them for the breeding flock. Nevertheless, some expansion is expected in the Edwards Plateau area, where drought reduced flocks the last couple of years.

Commercial lamb and mutton production totaled 176 million pounds during first-half 1985, down 8 percent from a year earlier. Slaughter equaled 3.1 million head, down 9 percent. The average dressed weight was 57 pounds, up a pound from last year. Mature sheep accounted for 6.6 percent of the slaughter in first-half 1985, compared with 7.8 a year earlier.

Production in second-half 1985 is forecast to be down 12 percent from 1984 because of flock liquidation in recent years. In 1986, flocks are expected to decrease slightly, and production may decline 5 to 7 percent.

For second-half 1985, lamb prices at San Angelo are expected to average in the low \$70's because of reduced supplies. If realized, these would be the highest third- and fourth-quarter prices on record. Many packers have already contracted prices in the high \$60's and low \$70's for lamb deliveries in the summer and fall. For all of 1985, choice lamb prices may average near \$70 per cwt. Prices may average slightly higher in 1986.

On June 19, the Department of Commerce announced a preliminary finding that New Zealand was subsidizing lamb exported to the United States. As a result, an importer must deposit into a suitable escrow account 25.32 New Zealand cents per pound of lamb imported. The final determination should be made by September 3. [Leland Southard (202) 786-1830]

• Broilers

Output of young chicken meat from federally inspected plants during second-quarter 1985 was 5 percent above last year. The number of birds slaughtered was up 4 percent, and weights were up 1 percent. Heavier birds continue to be in demand for further processing, and the larger amount of white meat inherent in such birds improves returns. Producers have been placing more birds for third-quarter slaughter, and output may be up 4 to 6 percent from last year.

While wholesale prices have declined, costs have fallen, resulting in continued favorable net returns since October 1983. Thus, broiler producers have the incentive to keep expanding output. Production in fourth-quarter 1985 may be 5 percent above last year, and first-quarter 1986 output is expected to be 3 to 5 percent above 1985's 3,227 million pounds.

The 12-city composite price for whole birds, both unbranded and branded, averaged 50 cents a pound during July, down from 57 cents last year. Prices have remained higher than history suggests, given the increase in supply. Probably the additional broiler meat being used in nuggets and similar items has helped maintain prices. However, recently higher-than-expected beef and pork production and declining red meat prices have pressured broiler prices.

Prices during third-quarter 1985 are expected to average 47 to 50 cents a pound, down from 54 cents last year. In the fourth quarter, broiler demand is usually seasonally weak, but expected rising red meat prices should help strengthen broiler prices. They will likely average 46 to 50 cents, near 1984's 50 cents. Output will continue to expand in first-quarter 1986, and prices are expected to average 48 to 52 cents, also near the 51 cents of a year earlier. [Alan Baker (202) 786-1830]

• Turkey

The number of turkeys slaughtered during the second quarter was up 5 percent, and the average weight increased 1 percent. Therefore, output of turkey meat from federally inspected plants during the second quarter totaled 625 million pounds, up 6 percent from last year. With most turkey pouls for third-quarter slaughter already placed, it appears output may be up 3 to 5 percent from last year. Producers have slowed early placements for fourth-quarter slaughter. However, if July and August placements are up sharply, fourth-quarter output may be 4 percent above last year.

Ongoing profitability suggests producers will continue expanding production in 1986. Output in the first quarter may be up 6 percent from the 482 million pounds produced in first-quarter 1985.

Cold storage stocks of frozen turkey have begun to increase seasonally as birds are stored for fourth-quarter consumption. Storage stocks were below a year ago through April 1, but above last year since. Retailers had to bid vigorously for turkeys in fourth-quarter 1984 and are probably lining up supplies early this year.

Strong retailer purchasing activity has increased wholesale prices for 8- to 16-pound commodity-packed hen turkeys in the eastern region. In July, prices averaged 73 cents a pound, up from 68 cents in July 1984 and June 1985. The slowdown in placements will likely mean additional price strength, and third-quarter prices may average 73 to 76 cents, near last year's 72 cents.

As retailers finish purchasing their holiday needs, wholesale prices may weaken. During the fourth quarter, prices may average 70 to 74 cents a pound, down from last year's record of 90 cents. With additional output and a seasonal decline in demand, prices during first-quarter 1986 are expected to average 66 to 69 cents, near this year's 69 cents. [Alan Baker (202) 786-1830]

• Eggs

Egg producers' financial standings are still being squeezed by low returns. Even though the cost of producing and marketing eggs at wholesale has declined since 1984, the decline in

costs—mostly from low feed ingredient prices—has been more than offset by an even greater decline in the wholesale price received for eggs. Except for 3 months, this situation has existed since June 1984. The only months in which favorable net returns existed were months of strong seasonal demand for holiday baking (Nov. and Dec.) and Easter (March).

Currently, producers have started to cut back, and egg supplies have been reduced—down 1 percent from last year in June. The number of hens is down 2 percent from a year ago, but the rate of lay has been above last year. The percentage of the hens that have molted have been increasing, however, suggesting that the flock is older than it was earlier in the year. The low returns have reduced the number of replacement pullets entering the flocks—also a factor in the relative age of the flock.

With an older flock than last year, the rate of lay is expected to be near last year during the remainder of 1985. Thus, the reduced number of layers will likely push down egg production. During the second half of 1985, egg production may be 1 percent below 1984.

In 1986, egg producers will likely increase the percentage of hens that have been force molted. Force molting rests the layers and brings them back to near-peak production with less expense than purchasing replacement pullets. Thus, even with relatively few replacement pullets, egg producers will be able to keep egg supplies near 1985 levels during first-half 1986.

Prices for cartoned Grade A large eggs in New York averaged 62 cents a dozen during July, down from 72 cents a year earlier. If producers cut production as expected, egg prices in second-half 1985 may average 66 to 69 cents, near 1984's 68 cents. With continued reduced supplies, prices in first-half 1986 are expected to average 66 to 72 cents a dozen, up from 61 cents in 1985. [Alan Baker (202) 786-1830]

CROP HIGHLIGHTS

• Wheat

Large wheat harvests here and abroad are tempering any prospects for a turnaround in wheat prices, which are at a 7-year low. Wheat traders on the Chicago futures market have bid all

currently traded contract months to new season lows that are considerably below the 1985-crop loan of \$3.30 a bushel. Although 1985-crop contracts of about \$3.00 mostly reflect large 1985/86 wheat supplies and significantly lower export expectations, the depressed outlook also overshadows prospects for the 1986/87 marketing year.

July 1986 futures contracts on both the Kansas City and Chicago markets are around \$2.80 a bushel, which if realized at that time, would be the lowest harvesttime terminal market prices in the last 10 years. In comparison, cash prices at those locations in July 1980 were \$4.20 a bushel. Harvesttime cash prices have trended downward every year since.

Also contributing to the sharp declines in 1986 contracts is the uncertainty about final provisions of the 1985 Farm Bill. With planting of 1986 winter wheat soon to get under way, the most widely accepted proposition is that Government price supports, especially the 1986 loan rate, will be lower than \$3.30. In addition, the expected carryover of old-crop stocks will be near 1982/83's record high, with a major portion in the Commodity Credit Corporation's inventory.

Foreign wheat production in 1985/86 is forecast at 445 million tons, up 2 million from 1984/85. During August, however, output forecasts for Canada and China were revised downward significantly. Extremely hot, dry weather has reduced yield prospects in Southern Alberta and Saskatchewan, prompting a 2.5-million-ton decline in projected Canadian output. The winter wheat harvest in China may not meet earlier expectations and is now estimated at 87 million tons, just below last year's record.

World wheat trade is expected to reach 96.5 million tons in 1985/86, a reduction of 9 million from last year. Canadian exports this year may decline over 1 million tons to 17.5 million, as the second consecutive drought-reduced harvest limits Canada's exportable surplus. The forecast for China's total wheat imports remains at 7 million tons, despite the lower expected production. China has allowed all of its

long-term trade agreements to expire and reportedly has substantial amounts in storage after 3 consecutive record harvests. However, China has purchased more than 500,000 tons of U.S. Soft Red Winter for delivery in 1985/86.

The U.S. export forecast for 1985/86 remains at 32.7 million tons. Extremely light exports and outstanding sales thus far this season may be offset by the weakened export capabilities of Argentina and Canada, benefiting U.S. wheat as the season progresses. Also, the third initiative of the Export Enhancement Program was announced in late July and will involve up to 500,000 tons of wheat for Egypt. [Allen Schuenbein (202) 786-1840 and Scott Reynolds (202) 786-1691]

• Rice

Widespread adoption of higher yielding varieties of rice and favorable weather during growth and maturation of the crop boosted expected 1985 U.S. yields to close to 5,050 pounds an acre. In Texas and Louisiana, where the rice harvest is in progress, quality is reported to be excellent. Harvest in Texas, however, is behind schedule because wet conditions caused late planting this spring.

Large supplies and weak demand continue to weigh on the rice market. Thus, 1985/86 carryover stocks will likely be in excess of 70 million cwt. The aggregate farm price for all rice varieties will probably average between \$7.80 and \$8.80 per cwt, compared with \$8.25 in 1984/85.

Foreign milled rice production in 1985/86 remains forecast at nearly 316 million tons. World rice trade in calendar 1985 is expected to reach 11.6 million tons, down 1.1 million from last year, reflecting weaker demand.

All four of the major exporters—Thailand, Pakistan, the United States, and Burma—are expected to ship less in 1985 than in 1984. During the first 6 months of 1985, Thailand exported 2.3 million tons, equal to last year's first-half record. Shipments during July and August, however, were much lower than in 1984.

Pakistan exported 81,000 tons in June, bringing its first-half 1985 total to nearly 300,000, less than half its 1984 pace. Burma has also had problems finding buyers for its rice. January-June exports of about 150,000 were down 60 percent from the previous year.

U.S. rice exports during January-June 1985 were 889,000 tons, down 175,000 tons from a year earlier. The \$40 million P.L.-480 tender by the Philippines produced sales of nearly 152,000 tons. The Philippines bought brown, medium grain rice from California; the rice will be shipped in bulk and bagged on arrival.

The United States continues to ship rice to Africa under the Commodity Credit Corporation's drought relief program and under P.L. 480 financing. Recent sales and shipments to Mozambique and Senegal exceed 100,000 tons. The 1985 U.S. export forecast remains at 2 million tons. Despite a small pick-up in import demand projected for calendar 1986, our competitors' increased supplies and relatively higher U.S. prices will likely result in lower U.S. exports. [Janet Livezey (202) 786-1840 and Scott Reynolds (202) 786-1691]

• Feed Grains

Total feed grain production in 1985 is forecast at over 257 million metric tons, 21 million above last year. Record crops are estimated for corn, sorghum, and barley. Oats output will also be larger. Corn will account for 82 percent of total feed grain production. The total feed grain supply for the 1985/86 marketing year (October-September for corn and sorghum; June-May for barley and oats) is forecast at 305 million tons, more than 37 million above 1984/85.

Stocks of feed grains are projected to build to 83 million tons, up more than 75 percent from 1984/85. Farm prices will be supported by loan rates, and deficiency payments will continue to constitute an important part of grain producers' net income.

Based on conditions as of August 1, the 1985 U.S. corn crop is forecast at almost 8.3 billion bushels. Harvested area, at 74.8 million acres, is 3 million above 1984, and the average yield, forecast at 110.6 bushels an acre,

would be 3.8 percent above last year. With carryin stocks on October 1 es-timated at 1.2 billion bushels, the total supply for 1985/86 is forecast at 9.5 billion, over a billion bushels more than in 1984/85, but about 0.9 billion less than the 1982/83 record.

A 250-million-bushel drop in U.S. ex-ports is projected, but domestic use may expand, putting total corn dis-appearance in 1985/86 about the same as this season's estimated 7.14 billion bushels. Feed use for 1985/86 is pro-jected at 4.3 billion bushels, and food, seed, and industrial use at 1.1 billion.

Stocks of corn will build during 1985/86, and farm prices will probably average near the \$2.55 loan rate. Carryover on October 1, 1986, is projected at almost 2.4 billion bushels, more than a billion above this year and the second largest on record. Growers who participated in the 10-percent acreage reduction program will be eligible for a deficiency payment, which according to current projections would be the maximum of 48 cents a bushel (\$3.03 target price minus the \$2.55 loan rate).

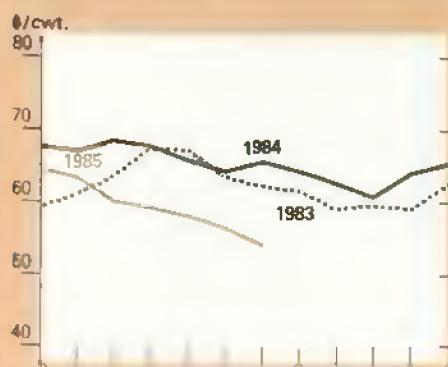
Futures prices of corn are being influ-enced not only by weak market factors, but also by the debate over the new Farm Bill and the expectation that support prices for 1986 and the years following will be lowered. As of early August, futures prices for 1985 and 1986 crops were substantially below current farm prices.

Foreign coarse grain production in 1985/86 is forecast at almost 580 mil-lion metric tons, a gain of about 10 million from a year earlier. Much of the gain is in the Soviet Union, where outturn may improve by more than 10 percent.

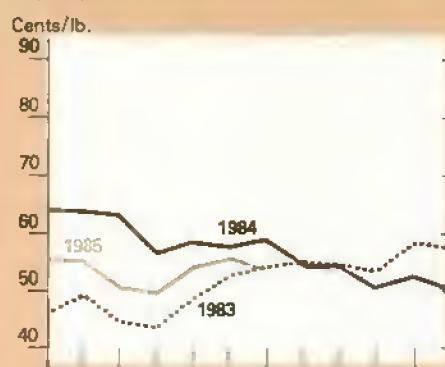
Several other countries and regions, however, are also showing substantial improvement in 1985/86. For example, South African production, at almost 9 million tons, is about 1 million above a year earlier. Thailand, Mexico, Brazil, and India are all expected to register production gains in 1985/86. Even with weather problems, Canada's out-put is likely to rise. In total, produc-tion among the major foreign export-

Commodity Market Prices: Monthly Update

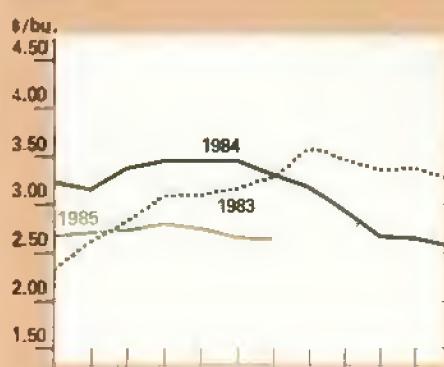
Choice steers¹



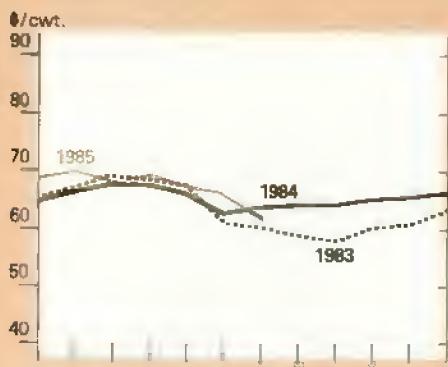
Broilers⁴



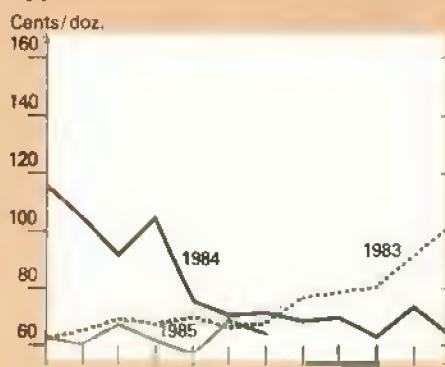
Corn⁶



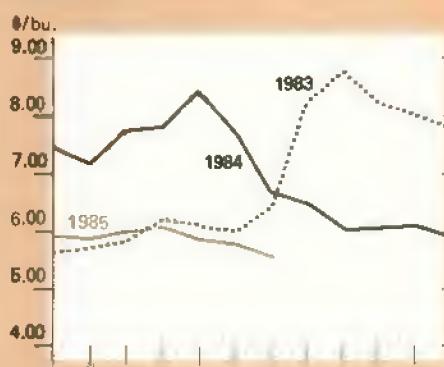
Choice feeder cattle²



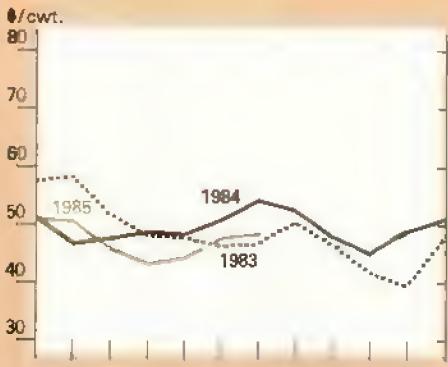
Eggs⁵



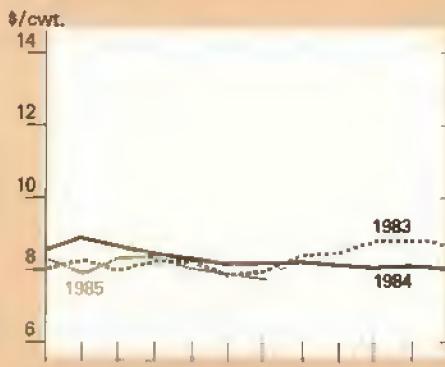
Soybeans⁷



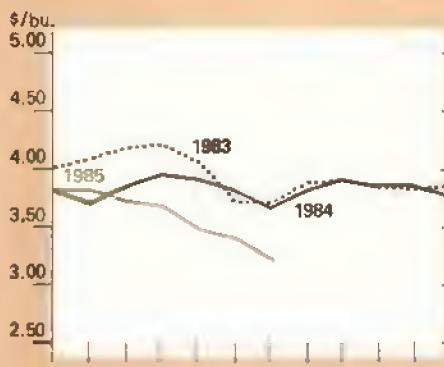
Barrows and gilts³



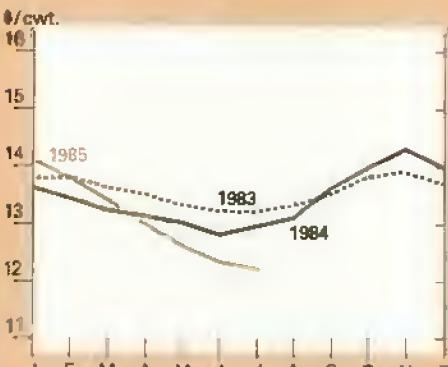
Rice (rough)



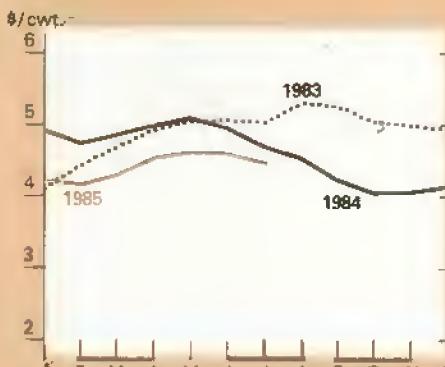
Wheat⁸



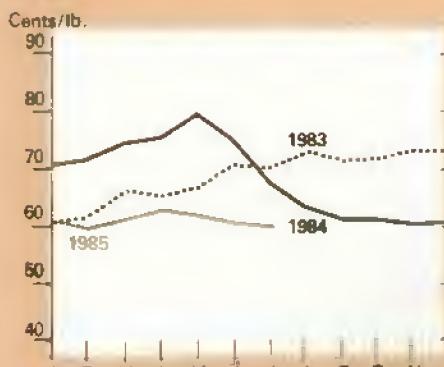
All milk



Sorghum grain



Cotton⁹



¹Omaha, 2600-700 lbs., Kansas City, 37 markets.

⁴Wholesale, New York. ⁵Grade A Large, New York.

⁶No. 2 Yellow, Chicago. ⁷No. 1 Yellow, Chicago.

⁸No. 1 HRW, Kansas City.

⁹Average spot market, SLM 1-16."

ing countries is high (over 64 million tons), as is production among the major coarse grain-importing nations (282 million).

Because of the expected larger world crop, import demand will likely fall substantially in 1985/86, to below 95 million tons (not including intra-EC trade). This compares with over 102 million currently expected in 1984/85. The United States will bear the brunt of the lower import demand, with U.S. coarse grain exports in 1985/86 expected to drop 10 percent from the 57.2 million tons forecast for 1984/85. [Dave Hull (202) 786-1840 and Jim Cole (202) 786-1691]

• Soybeans

U.S. soybean production for 1985 is estimated at close to 2 billion bushels. Yields are projected at 31.5 bushels an acre, equal to the second largest on record.

The optimistic yield outlook took a toll on prices in July. Yield prospects for the U.S. crop are the major factor affecting prices. Cash soybean prices (Central Illinois) dropped from a monthly high of \$5.67 a bushel on July 5 to \$5.15 on July 31. Some 1984 soybeans under loan could revert to the Commodity Credit Corporation because the redemption cost exceeds the cash price at some outlying points.

The soybean crush continues to be supported by relatively high oil prices. However, soybean oil prices, which are expected to average 30 cents a pound in 1984/85, weakened in July. Prices slid below 26 cents a pound by the end of July, from a June average of 32.42 cents. Prices in 1985/86 are forecast between 24 and 29 cents a pound, still above the 20.8-cent average for 1980/81-1982/83.

Soybean meal prices rose slightly in July, but the upward movement was not a recovery. After averaging \$110 a ton in June, prices rebounded into the high teens in July. But stocks, already a record high, soared to 569 million tons in June.

Sluggish exports and inventory accumulation will likely keep soybean meal prices low throughout 1985/86. Prices are expected to average between \$100 and \$130 a ton next year, compared with a \$124 season-average expected in 1984/85.

World oilseed production in 1985/86 may increase moderately, with only cottonseed expected to decline. Generally, the largest gains in foreign oilseed production in 1985/86 will be in peanuts and rapeseed.

Canada's rapeseed area declined, but production prospects are up from a year earlier. In China, rapeseed area could dramatically rise by a third, in response to new policies. The European Community's (EC) rapeseed and sunflowerseed area should rise. In just 5 years, EC sunflowerseed area has increased more than a half million hectares.

Crops in the Southern Hemisphere are not yet planted, but production prospects for soybeans are lower. Brazil's production loans have been announced, and credit is tighter. Thus, Brazil's soybean area could decline as the Government aspires to promote food production.

High-oil-content oilseeds produce a greater proportion of oil than soybeans and have been in greater demand, because oil has been in greater demand than meal during 1984/85. Vegetable oils may continue to dominate the oilseed situation in 1985/86, especially in the United States. Global palm oil production may rise significantly in the coming months, depressing world prices.

World import demand for soybeans could remain about the same in 1985/86, still roughly 3 million tons below the 1982/83 volume. No sharp increase in demand is expected because of continued weakness in the world livestock sector and abundant foreign feed supplies.

However, U.S. exports could be slightly higher, because foreign export supplies may stay about the same as this year. While prospects for larger U.S. soybean exports in 1985/86 look better than those for most other commodities, the 18.4-million-ton forecast is still almost 2 million below the 1983/84 volume.

U.S. soybean exports for 1984/85 have been revised downward, to 16.3 million tons, because of a major revision in the trade data for Mexico and a lackluster export pace for June. Large sales by Brazil and Argentina during April, May, and June have hurt U.S. exports. Thus, the U.S. market share has declined significantly in major U.S. markets, such as the EC.

Brazil has suspended export registrations as of mid-July, fearing a shortage of soybean oil in the domestic market. This could be a possible bright spot for U.S. exports in coming months, but Argentina continues to increase its soybean and soybean meal exports. [Roger Hoskin (202) 786-1840 and Jan Lipson (202) 786-1691]

• Cotton

Cotton ended its 1984/85 marketing year this July with mill use rising but exports plummeting. For 1985/86, the industry is resigned to sharply rising stocks, loan rate prices, and the poorest season for total use this century.

Based on crop conditions as of August 1, production is estimated at 13.8 million bales. However, production could range between 12.6 and 15 million bales, compared with 13 million last season. Even a crop at the low end of the probable range will result in a 3- to 4-million-bale rise in ending stocks.

Cotton mill use rebounded to a seasonally adjusted annual rate of 5.6 million bales in June, compared with 5 million last December, marking the sixth consecutive month of improvement. The rise resulted from

- real growth in retail sales of apparel and home furnishings (about 4 percent at annual rates),
- a 1- to 2-percent gain in cotton's retail market share versus manmade fibers, and
- no growth in textile imports during January-June 1985, compared with a year earlier.

Mill use totaled an estimated 5.4 million bales during 1984/85, but a resurgence of textile imports will probably push mill use down to around 5.2 million during 1985/86.

U.S. cotton exports reached about 6.25 million bales in 1984/85, but are expected to fall precipitously to around 4 million during 1985/86. U.S. market share losses will occur because of the abundance of foreign cotton and the effects of U.S. loan rates.

With total use of U.S. cotton forecast at 9.2 million bales and production at 13.8 million, 1985/86 ending stocks are expected to rise to nearly 9 million bales—97 percent of use. Except for 1982/83—the year PIK was announced—the cotton stocks-to-use ratio has not been this high since 1965/66. At the end of 1984/85, stocks stood at an estimated 4.2 million bales, equivalent to 36 percent of use, and about 1.7 million of those bales remained under loan or in the Commodity Credit Corporation's inventory.

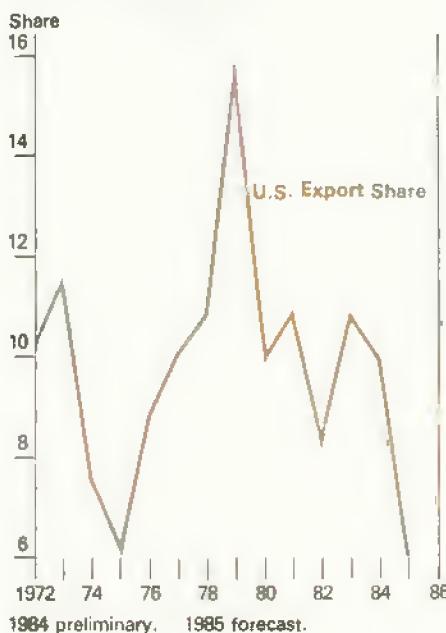
From the world perspective, the 1985/86 season is being ushered in by record-setting global stocks of 40 million bales. Foreign stocks also are a record 36 million bales, with half held in China. In addition, foreign stocks are expected to expand by almost 3 million bales by the end of 1985/86. If current forecasts of supply and use materialize, stocks in major foreign competitors will have climbed more than 300 percent since 1982, with China accounting for most of the rise.

With this mountain of stocks overhanging the market, international raw cotton prices have plummeted. Prices as measured by the Northern Europe Outlook "A" Index have dropped 20 percent since last year and are the lowest since 1977/78. The "B" Index, cotton used to make coarse count yarns, is significantly below the U.S. loan rate.

The outlook for 1985/86 points to another year of plentiful raw cotton. Although total foreign output may be down 10 percent from last year's enormous crop, production, at 66 million bales, may nearly equal consumption. This has happened only once since 1974/75.

Compared with the rapid pace in 1984, economic growth in the developing Asian textile economies is expected to slow through 1985 and into 1986. South Korea, Thailand, Taiwan, and Indonesia may all experience declines in growth, partly because of developed

U.S. Cotton Exports' Share of Foreign Mill Use



third occurred in Central and South America, with Brazil, Mexico, and Paraguay accounting for most of the gain. The other two-thirds came mostly from Asian countries. China, Turkey, the USSR, and Pakistan accounted for a majority of the expansion in area.

Foreign mill use continued its incremental rise in 1984/85, aided by positive changes in real economic growth rates. Economic growth in many countries resulted in increased demand for cotton textiles, both domestically and for export. Cotton consumption grew by more than 2 percent in 1984/85, well above the previous 5-year average. Most of the improvement in mill use occurred in the net exporting nations with viable textile export production capability. China, Pakistan, and India are among those that emphasize textile production for export.

World export volume rose more than 1.2 million bales from 1983/84's depressed level. However, major cotton producers are still using more cotton in domestic mills, which stifles trade. Import demand by Hong Kong, Japan, Taiwan, and South Korea declined by 300,000 bales in 1984/85. [Terry Townsend (202) 786-1840 and Richard Contor (202) 786-1691]

• Peanuts

Farmers planted 1,512,000 acres of peanuts this year, down 3 percent from last year. Production is currently forecast at about 4.3 billion pounds, with yields estimated at the same high level as last year. With record carryin stocks, total peanut supplies will be at an alltime high of more than 5.5 billion pounds. Total use for 1984/85 is expected to be up somewhat, at 3.7 billion pounds, but carryover stocks will be a record 1.3 billion pounds. [Duane Hacklander (202) 786-1840].

• Tobacco

As of August 1, total U.S. tobacco output was forecast at 1.51 billion pounds (687,000 metric tons), down 12 percent from 1984. Both acreage and yields are lower. Despite hot, dry weather in some areas early in the growing season, crop quality appears good.

The 1985 flue-cured crop is estimated at 802 million pounds, down 7 percent

High world prices and good weather during the planting season led to moderate increases in foreign harvested area and a sharp rise in yields during 1984/85. Of the 2.03-million-hectare increase in foreign area, a

from last year. Furthermore, beginning stocks on July 1, were down 4 percent. The total supply is about 2.88 billion pounds, 4 percent below last year, but ample at about 3.1 years' use. During 1984/85, both domestic use and exports rose.

Flue-cured auctions for 1985 crop tobacco opened July 25 in the Georgia-Florida Belt. Other markets opened in succeeding weeks. During the first 14 days of sales, prices were lower, and quality was not as good as a year ago. Sales were at a slower pace than a year earlier; however, the share of tobacco placed under loan remained about the same.

Flue-cured price supports were effectively lowered 2 days before the flue-cured markets opened. Support to growers was reduced 5 cents a pound under provisions permitted in current law. In addition, the Flue-Cured Stabilization Cooperative is authorized to rebate 10 cents a pound to buyers from the no-net-cost tobacco fund as soon as buyers make their purchases.

Another rebate of 15 cents a pound on all purchases will be paid at the end of the auction season if buyers purchase at least 650 million pounds of the 1985 flue-cured crop and at least 125 million pounds of the 1976-84 Flue-cured Stabilization Co-operative inventory. Purchases from the older inventories will be subject to prices and conditions set by Stabilization.

With a larger 1984 crop, ending stocks of burley on September 30 are projected higher than last year. This year's burley crop is expected to decline from 1984. With a smaller 1985 crop, the 1985/86 supply will be about the same as last year's, representing about 3.7 years' use and providing considerably more than adequate stocks. Smaller crops are also forecast for Maryland, fire-cured, dark air-cured, and cigar types. [Verner N. Grise (202) 786-1840]

• Fruit

As orange prices fell sharply, the July index of grower prices for fresh and processing fruit drifted down 1.6 percent to 182 (1977=100). The index was down 22 percent compared with a year earlier, with lower prices for

lemons, oranges, and apples more than offsetting higher prices for grapefruit, peaches, and strawberries. Prices are expected to decline further this fall, as the apple, pear, and citrus harvests begin. However, good demand will keep prices relatively high.

Supplies of fresh noncitrus fruit will be lower this fall. The initial forecast for the 1985 apple crop, at 8.07 billion pounds, is 3 percent below last year, with the Washington crop (the leading apple-producing State) down 15 percent. In addition, the 1985 pear crop will likely be down 7 percent from last year and 15 percent from 1983. Citrus fruit prices are likely to remain relatively high this fall because the 1985/86 crop will probably be small, a result of freeze damage to trees in Florida and Texas in 1983 and 1985.

Reversing an upward trend, retail prices of fresh fruit declined in June. The Bureau of Labor Statistics' Consumer Price Index for fresh fruit was 380.8 (1967=100), down fractionally from May, but still 11 percent above a year earlier. The decrease was mainly attributed to increased supplies of Valencia oranges. However, retail prices of apples and bananas advanced.

Retail prices of processed fruit have steadily increased, primarily reflecting higher prices for canned fruit and frozen concentrated orange juice (FCOJ). The June index of processed fruit, at 168.9 (December 1977=100), was almost 4 percent above a year ago.

Prices of most processed citrus items have been strong. However, sluggish movement and larger supplies have recently weakened FCOJ prices from their high levels, as several packers have recently announced a price reduction to stimulate sales.

Slow movement has also softened prices for some canned fruit. However, supplies of canned fruit are not expected to increase much because of smaller crops of Clingstone peaches and Bartlett pears and small carryover stocks.

Supplies of dried fruit are expected to remain adequate. Overall, retail prices of processed fruit are not expected to rise appreciably through the first half of 1986, even though demand will be relatively good. [Ben Huang (202) 786-1766]

• Vegetables

Fresh-market vegetable output in 1985 will likely be around 130 to 135 million cwt, based on the 3 percent lower first-half production and marginal increases in summer acreage. Grower prices will probably rise 3 to 5 percent from the second to the third quarter because of tighter supplies. July grower prices for broccoli, cauliflower, and lettuce already show substantial gains over June's low levels.

Hot, dry summer weather threatened lettuce supplies. In July, shipments of lettuce and other fresh vegetables from California were below a year earlier. However, supplies in August could be boosted by adequate irrigation and a break in the heat wave.

The summer quarter's harvested area of seven major vegetables is only 1 percent above a year earlier. Production of broccoli, carrots, cauliflower, celery, sweet corn, lettuce, and tomatoes will likely be below a year ago due to lower yields caused by hot weather in California. Of the seven major vegetables, celery acreage dropped the most—19 percent—largely because of hot weather and weak California market conditions.

First-half production of seven major vegetables was 3 percent below last year's level. Most of the cutbacks came from freeze-reduced acreage in the first quarter, but spring acreage was up 2 percent. Yields of most fresh vegetables apparently increased during the spring because of good weather. But an 8 percent lower yield for lettuce offset gains elsewhere.

The total 1985 potato harvest is estimated at 1.38 million acres. If realized, it will be the largest harvest since 1974. Planted area is up 5 percent from 1984 and 10 percent above 1983. Summer potato States will likely produce 2.6 million pounds, 14 percent more than last year and the largest increase of the four seasonal groups. Virginia, a major summer producer, nearly doubled 1985 production to 2.8 million pounds, while North Carolina, Ohio, and Tennessee made moderate to substantial reductions.

Fall-crop harvested acreage, at an estimated 1.16 million acres, is up 6 per-

COMMODITY SPOTLIGHT

Would Lower Priced Cotton Cure Low-priced Cotton?

If loan rates and prices for 1986-crop U.S. cotton drop sharply from the current level of about 57 cents a pound, would disappearance expand sufficiently to reduce cotton stocks?

Sharply lower loan rates are not inconceivable. While Congress has not yet passed a Farm Bill, the House Agriculture Committee gave tentative approval in late July to an upland cotton title that would allow a 1986-crop loan rate as low as 43.55 cents a pound, compared with 57.3 for 1985. The Senate is discussing a cotton title that would lower the 1986 loan rate to no less than 55 cents a pound, but the Secretary of Agriculture could authorize repayment of those loans at lower rates—possibly as low as 44 cents.

Congress is considering lowering loan rates because U.S. cotton now is not price competitive in international markets. Other exporting countries are underselling us, and our exports this season are projected to decline more than a third to 4 million bales. Total use of U.S. cotton in 1985/86 is forecast to fall below 10 million bales for only the second time this century. And with a large 1985 crop on tap, stocks are forecast to rise to nearly 9 million bales by the end of 1985/86, compared with 2.8 million at the end of 1983/84. Both the Congress and the Administration believe that lower prices would encourage consumer preferences for natural fibers while discouraging foreign cotton production. The subsequent increases in mill use and exports, combined with continued supply management programs, it is argued, would eventually lead to higher prices in the future.

During 1965/66 through 1984/85, total disappearance of U.S. cotton averaged 12 million bales a year, but mill use plus exports for 1985/86 are forecast at only 9.2 million. Cheaper cotton could encourage U.S. mill use in two ways. First, lower fiber prices could lead to lower retail prices for textile products, causing increased per capita consumption of all fibers. Second, lower cotton

prices might encourage textile mills and consumers to substitute cotton for manmade fibers. However, increases in domestic cotton consumption will probably be mitigated by continued growth in the textile trade deficit, since labor costs, not fiber prices, are the principal determinants of textile trade flows.

If cotton price supports and prices should drop 25 percent, this likely would be partially matched by man-made fiber producers, leading to an overall decline in fiber prices of about 20 percent. That in turn could cause an estimated 5-percent rise (2.5 to 3 pounds per capita or about 850 million pounds in total) in domestic fiber consumption.

Cotton's share of domestic fiber consumption plunged from 64 percent in 1960 to 27 percent in 1979, as consumers shifted to easy-care manmade fiber products and mills corrected cotton dust problems. But beginning in 1980, cotton's market share stabilized, and in 1984, 30 percent of the 13.1 billion pounds of fiber used by Americans was cotton. Lower cotton prices can only encourage this trend and might cause a 1-percentage-point increase in cotton's market share over what would otherwise occur.

A 2.5- to 3-pound gain in per capita fiber consumption, combined with a 1-percentage-point gain in cotton's market share, would mean a 700,000-bale increase in domestic cotton consumption. Even though textile imports would limit U.S. mills' share, a substantial gain in cotton mill use—perhaps 200,000 to 300,000 bales a year—could still occur.

Foreign cotton prices currently average up to 10 cents a pound lower than U.S. prices, reflecting large world stocks and U.S. prices held above market-clearing levels. If U.S. prices should drop by a fourth, foreign exporters would need to lower their prices only about half as much in order to stay competitive. This could lead to about a 10- to 15-percent decline in prices paid by foreign mills for cotton from all sources.

A decline of this magnitude in world cotton prices might lead to a 2- to 2.5-percent rise (1.5 million bales) in foreign mill use. The initial percentage response of foreign mills to lower cotton prices would be roughly half the percentage response of U.S. consumers, because over half of foreign mill use occurs in centrally planned economies.

A drop in U.S. prices might stem the erosion of the U.S. export share of foreign mill use. While other factors, such as established trade patterns, export-financing availability, and cotton quality affect demand, a price cut could put U.S. exports' share of foreign mill use at 9 percent in 1986/87 and 10 percent in 1987/88. In 1985/86, U.S. exports are forecast to hold a 6-percent share.

The rebound in the U.S. market share, plus a boost in foreign cotton consumption owing to lower prices, could lead to an improvement of 1.5 to 2 million bales of U.S. cotton exports during 1986/87, compared with what is otherwise likely to occur. The export gain during 1987/88 could rise to 2 to 3 million bales.

Would reduced loan rates and prices eliminate the cotton surplus? Yes—eventually. Cotton prices in the mid-40's would lead to increased disappearance of a projected 2 million bales a year initially, with greater increases possible in ensuing years. Total use of U.S. cotton could again reach 12 million bales within a couple of years.

Acreage reduction programs would still be necessary, especially if the cotton target price stays relatively high for several more years. The current effective cotton base, about 14 million acres, is capable of producing up to 15 million bales a year—well in excess of reasonable estimates of disappearance, even with low prices. But with acreage reduction programs restricting production, U.S. supplies could be brought more into line with disappearance, leading to prices significantly above the new loan rates within several years. [Terry Townsend (202) 786-1840]

cent from 1984 and 10 percent from the previous 2 years. Moderate increases are expected in the majority of States, with an 8-percent increase in the western region. With the 1985 potato crop forecast up, grower prices will likely dip as the fall harvest approaches and could remain 2 to 5 percent below last year's season average. [Shannon Hamm (202) 786-1767]

• Sugar

The Commodity Credit Corporation (CCC) has offered to extend to September 30 all 1984-crop loans to sugar processors. CCC had earlier offered a 1-month extension on crop loans maturing July 1. Only one company elected to extend its loans. All other cane processors redeemed their loans by the maturity date.

On August 1, the Great Western Sugar Company (GW) forfeited 56.7 million pounds of refined sugar. CCC has now acquired 273.6 million pounds of refined sugar from GW since June 1. No other forfeitures of 1984-crop beet sugar have occurred.

CCC held a second sale of its acquired sugar on July 25. Of the 184.9 million pounds available for sale, only 10.2 million were purchased, leaving CCC currently with stocks of 231.4 million pounds.

World sugar prices (f.o.b. Caribbean, Contract No. 11) averaged 3.15 cents a pound in July, up 15 percent from June. Prices increased because of a Brazilian announcement of a 1.1-million-ton planned reduction in exports in 1985, an indication that the European Community could be lowering sugar export subsidies, and the reduction of crop estimates for some major producing countries. However, these reductions are not enough to change the basic problem of oversupply. Until world sugar stocks are reduced and the carryover is more normal, prices should remain depressed.

The U.S. retail price for sugar fell to 34.6 cents a pound in June. This follows earlier declines in the price for domestic raw sugar. This is the lowest price for retail sugar since August 1982. Prices averaged 35.2 cents a pound for the second quarter, down 2 percent from the first and 4 percent below a year earlier. Retail prices for sugar should strengthen somewhat in coming months, following an expected increase in the domestic raw sugar price.

High fructose corn syrup (HFCS) shipments have increased rapidly, going from 2.2 million short tons in 1980 to 4.3 million in 1984. About 5.1 million tons of HFCS are expected to be consumed in 1985, up 19 percent from last year. For the first 5 months of 1985, HFCS shipments totaled 26 percent higher than a year earlier. Much of this increase stems from the substitution of HFCS-55 for sugar in beverages. Year-over-year increases in HFCS shipments should slow in the fourth quarter, as HFCS approaches 100-percent market penetration in the beverage industry.

Wholesale list prices for HFCS in the Chicago-West market for the first 6 months of 1985 averaged 20.23 cents a pound, dry basis, down 12 percent from a year earlier. Despite last November's approvals for 100 percent HFCS use in major cola drinks, prices eased because of an estimated 0.5-million-ton rise in production capacity, as well as low sugar prices. Seasonal demand and a catch-up with capacity in the coming months, as well as higher sugar prices, are expected to strengthen HFCS prices. [David Harvey (202) 786-1769]

Upcoming Crop Reporting Board Releases

The following list gives the release dates of the major Crop Reporting Board reports that will be issued by the time the October *Agricultural Outlook* comes off press.

September

3	Poultry Slaughter
4	Dairy Products
6	Celery
10	Vegetables
11	Crop Production
	Rice Stocks
12	Turkey Hatchery
13	Milk Production
18	Hop Stocks
20	Citrus Fruits
	Catfish
23	Hogs & Pigs
	Cattle on Feed
	Cold Storage
	Livestock Slaughter
24	Eggs, Chickens, & Turkeys
25	Peanut Stocks & Processing
27	Potatoes & Sweetpotatoes
30	Egg Products
	Agricultural Prices

Upcoming Economic Reports

Title	Summary Released
World Ag Supply & Demand	September 11
Tobacco	September 13
Rice	September 17
Agricultural Outlook	September 18
Sugar & Sweeteners	September 19
Dairy	September 20
Econ. Indicators of the Farm Sector	
World Agriculture	September 23
Cropland	September 25

Summaries are available on some computer networks on the dates indicated; the full reports are also released electronically 2 to 3 days later. For details on the summaries, call (301) 982-6662, (402) 472-1892 or (301) 586-1572. Full reports, text and tables, are provided by the system on (301) 982-6662 and (402) 472-1892.



Farm Income Update

1984 ESTIMATES

First estimates for 1984 indicate that net farm income reached \$34.6 billion, while net cash income rose slightly to \$39.1 billion. Production rebounded strongly from the PIK program and 1983's drought-reduced output. Both cash receipts and production expenses rose. The current forecast for net farm income in 1985 is \$22 to \$26 billion, with net cash income expected to total \$34 to \$39 billion.

Nominal cash receipts in 1984, including net loans from the Commodity Credit Corporation (CCC), increased on the strength of higher prices and larger production, offsetting a slight drop in total direct Government payments. Gross cash income was estimated at a record-high \$153.2 billion, up from 1983's \$148.1 billion.

Farm-related income grew from \$2.5 to nearly \$3 billion in 1984. This category includes all items that in previous years were listed under "other cash income." Including income from custom work, machine hire, and farm recreational activity. In addition to other minor miscellaneous sources of income, such as dividends from co-ops, income from the sale of forest products is now included as farm-related income. In previous years, forest product sales were accounted for in crop cash receipts. This change, which affects only 1978 forward, was implemented to maintain consistency with Bureau of Census statistics.

Farm Income and Cash Flow Statement, 1981-84

Item	1981r	1982r	1983r	1984	1985F
	Billion dollars				
Farm Income sources:					
1. Cash receipts	142.1	142.9	136.2	141.8	136-140
Crops 1/	72.9	72.7	66.8	69.0	67-71
Livestock	69.1	70.3	69.4	72.7	67-71
Cash Government payments	1.9	3.5	4.1	4.0	3-9
Value of PIK commodities	0.0	0.0	5.2	4.5	0
2. Direct Government payments	1.9	3.5	9.3	8.4	5-9
3. Farm related income 2/	2.5	2.6	2.5	2.9	2-4
4. Gross cash income (1+2+3) 3/	146.5	149.0	148.1	153.2	147-152
5. Nonmoney income 4/	13.7	14.0	13.1	13.1	11-13
6. Realized gross income (4+5)	160.2	163.0	161.2	166.0	159-164
7. Value of inventory change	6.3	-0.8	-9.8	7.9	-2-2
8. Total gross income (6+7)	166.5	162.1	151.4	174.0	158-163
Production expenses:					
9. Cash expenses 5/ 6/	110.7	110.7	109.7	114.0	110-114
10. Total expenses	136.0	136.8	135.5	139.4	134-138
Income statement:					
Net cash income 1/ 6/					
11. Nominal (4-9)	35.8	38.3	38.3	39.1	34-39
Deflated (1972\$) 7/	18.3	18.5	17.8	17.5	15-17
Net farm income: 1/					
12. Nominal total net (8-10)	30.5	25.3	15.8	34.6	22-26
Deflated total net (1972\$) 7/	15.6	12.2	7.3	15.5	10-12
Deflated total net (1967\$) 8/	11.2	8.8	5.3	11.1	7-9
13. Off-farm income	39.8	39.4	41.0	40.0	39-43
Other sources and uses of funds:					
14. Change in loans outstanding 6/	15.5	6.8	2.9	-2.1	-3-1
Real estate	9.3	3.7	2.1	-1.5	-3-1
Nonreal estate 9/	6.2	3.1	0.8	-0.6	-2-2
15. Rental income	5.8	5.7	4.6	5.4	4-6
16. Gross cash flow (11+14+15)	57.5	50.8	45.8	42.4	39-44
17. Capital expenditures 6/	16.8	13.7	13.0	12.5	10-14
18. Net cash flow 1/ 6/ (16-17)	40.2	37.2	32.8	30.0	27-32

revised. F=Forecast as of 08/14/85. 1/ Includes net CCC loans.

2/ Income from custom work, machine hire, farm recreational activity, sales of forest products, and other misc. sources. 3/ Numbers in parentheses indicate the combination of items required to calculate a given item.

4/ Value of home consumption of farm products and imputed rental value of farm dwellings. 5/ Excludes depreciation and perquisites to hired labor.

6/ Excludes farm households. 7/ Deflated by the GNP implicit price deflator. 8/ Deflated by the CPI-U. 9/ Excludes CCC loans. Totals may not sum due to rounding.

Total production expenses increased by \$3.9 billion, mainly because of larger planted area. Total input use rose about 3 percent, and prices paid for inputs increased slightly. Meanwhile, cash expenses (excluding depreciation, labor perquisites, and household-related expenses) rose almost 4 percent to \$114 billion, following 1983's 1-percent decline.

Farm Income Up

Net cash income totaled \$39.1 billion in 1984, up 2 percent from the revised 1983 estimate of \$38.3 billion. Deflated net cash income (1972 dollars), however, fell to \$17.6 billion, compared with \$17.8 billion in 1983, marking the second consecutive annual decline in real net cash income.

Net farm income rose to \$34.6 billion, following the PIK and drought-reduced \$15.8 billion of 1983. Deflated net farm income stood at \$15.6 billion, compared with \$7.4 billion in 1983. This volatility can easily be traced to the wide swings in production and prices that the value of inventory change statistics reflect.

As in 1983, the value of the change in farm inventory played a key role in determining net farm income. The farm inventory was drawn down \$9.8 billion in 1983; however, in 1984, increased production, along with higher average prices, led to a record-high inventory buildup of \$7.9 billion, surpassing the previous high of \$6.3 billion in 1981. The \$17.7 billion difference in the value of the change in inventory from 1983 to 1984 is very close to the \$18.8 billion difference in net farm income between the 2 years.

Gross cash flow fell about 7 percent in 1984, to \$42.4 billion. Changes in loans outstanding for both real estate and nonreal estate were negative. The total change in outstanding loans stood at minus \$2.1 billion for 1984. This decline was partially offset by rental income to landlords, which rose 17 percent to \$5.4 billion.

Although capital expenditures fell 4 percent to \$12.5 billion, net cash flow remained 9 percent below 1983's \$32.8 billion. Net cash flow is a measure of the cash available for business operations, real estate purchases, and household consumption. It is computed as the sum of net cash income, the change in loans outstanding, and net rent, less capital expenditures.

Cash Receipts by Commodity, 1981-84

Receipts	1981r	1982r	1983r	1984	Percent change-		
					Million dollars	1982-83	1983-84
Crop receipts:							
Food grains	11,619	11,469	9,733	9,735	-15.2	0	
Wheat	9,852	9,913	8,798	8,443	-11.5	-4.0	
Rice	1,729	1,515	882	1,219	-41.8	38.2	
Rye	38	41	53	73	30.3	37.5	
Food grains and hay	17,774	17,231	16,191	16,451	-6.0	1.6	
Corn	13,349	12,625	11,640	11,617	-7.8	-0.2	
Oats	374	338	310	306	-8.3	-1.4	
Barley	857	793	960	941	21.1	-2.1	
Grain sorghum	1,344	1,484	1,159	1,298	-21.9	12.0	
Hay (all)	1,850	1,990	2,121	2,290	6.6	7.9	
Oil crops	13,853	13,814	13,505	13,666	-2.2	1.2	
Soybeans	12,245	12,519	12,137	12,111	-3.0	-0.2	
Peanuts	1,048	818	793	1,098	-33.0	38.3	
Other oil crops	560	477	575	458	20.5	-20.4	
Cotton lint and seed	4,551	4,928	3,316	3,359	-32.7	1.3	
Tobacco	3,250	3,342	2,831	2,841	-15.3	0.3	
Fruits and nuts	6,575	6,805	6,017	6,259	-11.6	4.0	
Vegetables	8,771	8,113	8,104	8,888	-0.1	9.7	
Other crops	6,543	6,969	7,111	7,839	2.0	10.2	
Subtotal, crops	72,936	72,670	66,809	69,044	-8.1	3.3	
Livestock receipts:							
Red meats	39,748	40,918	38,893	40,758	-4.9	448	
Cattle	27,371	27,837	26,655	28,635	-4.2	7.3	
Calves	2,166	1,977	2,027	1,966	2.5	-3.0	
Hogs	9,794	10,659	9,785	9,691	-8.2	-1.0	
Sheep and lambs	416	445	426	465	-4.2	9.2	
Poultry and eggs	9,949	9,557	10,026	12,188	4.9	21.6	
Broilers	4,646	4,478	4,873	5,970	8.8	22.5	
Turkeys	1,248	1,255	1,269	1,655	1.1	30.4	
Eggs	3,648	3,458	3,449	4,006	0.3	18.5	
Other poultry	407	386	435	477	12.8	9.5	
Dairy products	18,095	18,234	18,757	17,927	2.9	-4.4	
Wholesale milk	17,764	17,946	18,485	17,661	3.0	-4.5	
Retail milk	331	288	272	266	-5.4	-2.5	
Other livestock	1,358	1,560	1,767	1,866	13.3	5.6	
Subtotal, livestock	69,151	70,268	69,443	72,739	-1.2	4.7	
Total receipts	142,088	142,938	136,252	141,779	-4.7	4.1	

r=revised. Totals may not add due to rounding.

Off-farm income in 1984 was estimated at \$40 billion, down 2 percent from the revised \$41 billion of 1983. Rising nonfarm business and professional income was outweighed by slightly lower wage and salary income last year. About 80 percent of off-farm income went to farms with agricultural sales of less than \$40,000, while more than 80 percent of farm income was concentrated in the classes above \$100,000.

Cash Receipts Rose

Total cash receipts from crop and livestock marketings in 1984 totaled \$141.8 billion, a 4-percent increase from 1983's \$136.3 billion. Crop receipts rose 3 percent from 1983's \$66.8 billion, while livestock receipts increased 5 percent from \$69.4 billion in 1983.

For livestock, higher prices received accounted for most of the cash receipts gain. Marketings remained near 1983 levels. For crops, higher average prices more than offset a reduction in overall marketing volume due to low first-half sales caused by the PIK and drought.

Cash receipts for crops rose to \$69 billion, as a \$4 billion increase in fourth-quarter receipts outweighed lower first-quarter receipts. Cash receipts were unchanged to slightly lower for corn, wheat, oats, barley, soybeans, and tobacco. Most other crop receipts increased. Production for all major crop categories, except fruit and nuts, was higher than the 1983 output.

Farm Production Expenses, 1981-84

Items	1981r	1982r	1983r	1984	Percent change	
					1982-83	1983-84
----- Million dollars -----						
Feed	20,855	18,592	21,261	20,412	14.4	-4.0
Livestock	8,999	9,696	8,814	9,469	-9.1	7.4
Seed	3,428	3,172	2,987	3,548	-5.8	18.8
Farm-origin inputs	33,282	31,460	33,062	33,429	5.1	1.1
Fertilizer	9,409	8,046	7,646	8,896	-5.0	16.4
Fuels and oils	8,570	7,794	7,388	7,118	-5.2	-3.7
Electricity	1,747	2,041	2,146	2,167	5.1	1.0
Pesticides	4,201	4,282	4,161	4,943	-2.8	18.8
Manufactured inputs	23,927	22,163	21,341	23,125	-3.7	8.4
Short-term interest	10,722	11,349	10,615	10,396	-6.5	-2.1
Real estate interest	9,142	10,481	10,815	10,733	3.2	-0.8
Total interest charges	19,864	21,830	21,430	21,129	-1.8	-1.4
Repair and operation	7,587	7,730	7,543	7,860	-2.4	4.2
Hired labor	8,932	10,183	9,788	10,070	-3.9	2.9
Machine hire and custom work	1,984	2,025	1,523	1,951	-24.8	28.1
Dairy deductions 1/	0	0	633	656		3.6
Miscellaneous operating expenses	7,655	8,226	8,484	9,092	3.1	7.2
Total operating expenses	26,158	28,164	27,971	29,629	-0.7	5.9
Depreciation	23,573	23,886	23,490	23,020	-1.7	-2.0
Taxes	4,246	4,394	4,323	4,407	-1.6	1.9
Net rent to non-operator landlords	4,982	4,904	3,913	4,646	-20.2	18.7
Other overhead expenses	32,801	33,184	31,727	32,073	-4.4	1.1
Total production expenses	136,032	136,801	135,530	139,385	-0.9	2.8

r=revised. 1/ Includes only net deductions from milk prices.

The difference between total expenses and cash expenses is that cash expenses do not include depreciation, labor perquisites, and those expenses associated with farm dwellings. Dwelling expenses were included in real estate interest, repair and operation, misc. operating expenses, depreciation, and taxes. Net rent to non-operator landlords is included in total expenses, while cash expenses includes net rent to all landlords.

As in 1983, CCC loan redemptions exceeded new loans, leaving the 1984 net CCC loan level at minus \$0.8 billion—the result of stronger first-half commodity prices. Most loan redemptions were in the first half of 1984, while new loan activity increased in the latter half, when commodity prices began to slip.

Food grain receipts remained unchanged from 1983. Declining wheat receipts offset substantial increases in rice and rye. Wheat receipts, reflecting burdensome supplies, declined for the second consecutive year to \$8.4 billion, compared with \$8.8 billion in 1983. Lower average calendar-year wheat prices combined with reduced marketings to produce the resulting drop in receipts. Receipts for rice and rye each rose 38 percent, a result of significantly higher marketing volumes.

Cash receipts for feed crops rose about 2 percent in 1984, to \$16.5 billion. Increases in sorghum and hay receipts offset slight declines in corn, oats, and barley. Slightly higher average corn prices were just offset by reduced marketings, so receipts fell less than 1 percent to \$11.6 billion.

Sorghum marketings outweighed slightly lower average calendar-year prices for a 12-percent increase in receipts, following a 22-percent decline in 1983. CCC loans for sorghum and corn picked up sharply in the fourth quarter because prices fell. Cash receipts for oats and barley fell 1.4 and 2.1 percent, respectively, despite slightly higher prices for both. Hay receipts rose for the third straight year. Both prices and production surpassed 1983 levels.

Oil crop receipts, rising for the first time in 4 years, totaled \$13.7 billion in 1984, a 1.2-percent increase from 1983. Peanut receipts provided the major boost, climbing 38 percent to \$1.1 billion. Prices and production rose substantially. Reduced marketings barely offset higher average prices to leave soybean receipts less than 1 percent short of 1983. Receipts for sunflowerseed and flaxseed each declined as higher prices were offset by significantly lower marketings.

Cotton receipts failed to make a significant rebound from 1983's 33-percent decline. Receipts totaled \$3.4 billion in 1984, a modest 1.3-percent increase. Slightly higher average prices barely offset reduced marketings. Although the average calendar-year cotton price rose, prices fell late in the year, when marketings strengthened. Cash receipts for tobacco were up less than a percent, with lower prices just offset by slightly higher production.

Distribution of Cash Income by Type of Farm, 1983 and 1984

Item	Unit	Total, all farms	Total crop farms	Cash grain farms 2/	Cotton farms	Tobacco farms	Other field crop farms 3/
Number of farms							
1983	Thousands	2,370	1,091	611	22	137	107
1984	"	2,533	1,073	601	22	135	105
Cash receipts	\$ Millions						
1983	"	136,242	65,364	33,912	3,245	2,839	5,568
1984	"	141,779	67,632	34,585	3,302	2,862	5,600
Gov. paymts 1/	"						
1983	"	9,295	8,126	6,574	924	67	155
1984	"	8,431	6,876	5,564	775	56	132
Other farm-related income							
1983	"	2,539	1,692	418	34	30	899
1984	"	2,960	1,881	493	39	35	959
Gross cash income							
1983	"	148,076	75,182	40,904	4,203	2,936	6,622
1984	"	153,170	76,389	40,642	4,116	2,953	6,691
Cash expenses							
1983	"	109,749	49,798	30,110	2,565	1,851	3,363
1984	"	114,050	53,119	32,247	2,748	1,957	3,588
Net cash income							
1983	"	38,327	25,384	10,794	1,638	1,085	3,259
1984	"	39,120	23,270	8,395	1,368	996	3,103
Net farm income	\$						
1983	"	15,852	8,884	-2,841	554	527	3,398
1984	"	34,558	23,804	8,062	1,711	1,045	4,111

1/ Includes PIK entitlements.

2/ Includes farms, ranches, and feedlots.

3/ Includes farms from which livestock sales account for 50 percent or more of total receipts.

Cash receipts for vegetables rose 10 percent to \$8.9 billion in 1984. Prices received for all commercial vegetables (excluding potatoes, sweet potatoes, and dry beans) averaged about 3 percent higher, while vegetable production rose about 4 percent. Potato receipts rose 15 percent to \$1.8 billion, accounting for more than \$200 million of the increase in vegetable receipts.

For fruit and nuts, higher overall prices offset slightly lower production to put receipts 4 percent above 1983. Cash receipts for oranges declined about 3 percent to \$1.3 billion; apple receipts rose 26 percent to \$0.9 billion; and almond receipts grew 80 percent to \$0.5 billion on the strength of record production.

Livestock marketing receipts totaled a nominal record \$72.7 billion in 1984, up 5 percent from 1983 and the biggest rise since 1979. The previous nominal record high was \$70.3 billion in 1982. Farm prices for all livestock and prod-

ucts rose an average of 4 percent, accounting for nearly all the increase. Higher receipts for red meat and poultry more than offset a decline in cash receipts for dairy products. Stronger demand for meat, and poultry's avian flu scare caused much of the run-up in average livestock prices.

Cash receipts for red meat products increased 5 percent to \$40.8 billion, following the 5-percent drop in 1983. Cattle receipts rose 7 percent on the strength of higher commodity prices. The average farm price for cattle in 1984 was \$57.58, compared with \$55.83 a year earlier. The 1984 figure was the first increase in cattle prices since 1979. Cash receipts for veal and hogs declined 3 and 1 percent, respectively, while lamb receipts rose 9 percent.

Cash receipts for poultry and eggs climbed 22 percent to \$12.2 billion. Broiler production and prices rose, leaving total receipts 23 percent higher than 1983. Receipts for turkeys rose 30 percent, while those for eggs increased 19 percent.

Dairy receipts fell for the first time since 1962. Lower average prices and reduced milk production left dairy cash receipts, at \$17.9 billion, 4 percent below 1983.

Production Expenses Up

Total farm production expenses increased 3 percent to \$139.4 billion in 1984, following a 1-percent drop in 1983. Total cash expenses rose 4 percent to \$114 billion. Outlays for crop production items showed dramatic turnarounds from 1983, because acreage climbed. Seed and pesticide expenses each increased 19 percent, while outlays for fertilizer, and machine hire and custom work rose 16 and 28 percent, respectively. Although prices paid for production items showed a general increase, most of the increase was attributed to higher input use.

Outlays for farm-origin inputs rose 1 percent to \$33.4 billion. These items, which include feed, feeder livestock,

Vegetable and melon farms	Fruit and tree nut farms	Horti- culture specialty farms	Total livestock farms	Cattle, hog, and sheep farms ^{2/}	Dairy farms	Poultry and egg farms	Animal specialty farms	General livestock farms ^{3/}
33	89	31	1,279	960	174	44	69	32
32	88	30	1,260	945	172	44	68	31
5,959	6,004	4,285	70,878	37,459	20,347	10,320	1,535	1,217
6,429	6,250	4,947	74,147	39,065	19,693	12,098	1,683	1,229
69	24	4	1,169	890	187	35	4	53
58	19	4	1,555	800	661	31	17	45
40	45	40	847	429	276	21	109	12
45	53	50	1,079	540	357	26	142	14
6,068	6,073	4,329	72,894	38,778	20,810	10,376	1,648	1,282
6,532	6,322	5,001	76,781	40,405	20,711	12,834	1,869	1,288
2,563	4,335	2,161	59,951	34,153	14,799	8,678	1,168	1,153
2,731	4,579	2,243	60,931	35,075	14,947	8,538	1,179	1,192
3,505	1,738	2,168	12,943	4,625	6,011	1,698	480	129
3,801	1,743	2,758	15,850	5,330	5,764	3,970	690	96
3,005	1,378	2,063	6,968	2,354	3,444	1,476	508	-814
3,438	1,430	2,658	11,376	5,937	3,576	3,866	725	-726

and seed, accounted for 24 percent of total 1984 production expenses. The increase in seed expenses worked in combination with a 7-percent rise in outlays for feeder and replacement livestock to offset a 4-percent decline in feed expenses. As purchased livestock prices fell somewhat, the quantity purchased rose substantially.

Manufactured input expenses showed the largest percentage increase, mainly because of higher prices and use of fertilizer and pesticides. Outlays for manufactured inputs totaled \$23.1 billion, up 8 percent, after declining nearly 4 percent in 1983. Electricity expenses rose 1 percent, the smallest annual increase since 1968. Higher prices barely outweighed reduced consumption. Fuel and oil expenses fell for the third consecutive year. Prices fell somewhat, putting outlays almost 4 percent below 1983.

Total farm interest expenses declined, although interest rates on both short- and long-term debt began to edge up. The simple average interest rate for Production Credit Association loans, at 12.5 percent, was up slightly from 1983 but well below the 1982's 14.3

percent. Farm interest expenses totaled \$21.1 billion in 1984, down 1.1 percent from 1983's \$21.4 billion, marking the second consecutive year of decline. This decline resulted from a continued drop in total outstanding debt. The average interest rate on all outstanding debt was 9.98 percent last year, compared with 9.94 in 1983.

Nonreal estate interest expenses declined 2 percent to \$10.4 billion, accounting for 7.5 percent of total expenses, down slightly from 7.8 percent in 1983. This marks the first 2-year decline in nonreal estate interest expenses since 1953-54.

Real estate interest expenses also declined in 1984 because outstanding debt fell slightly. Interest expenses on real estate debt fell about 1 percent to \$10.7 billion, following a 3-percent rise in 1983 and a 14.6-percent rise in 1982. The last time real estate interest expenses registered a decline was in 1946.

As total farm capital expenditures (excluding operator's dwellings) continued to decline in 1984, depreciation expenses registered a second consecutive drop, falling 2 percent to \$23 billion. Capital expenditures fell 3.8 percent to \$12.5 billion in 1984, the fifth consecutive year of decline. Since depreciation of farm capital is based on replacement value, flat price levels for farm machinery could continue to hold this economic cost down in the near future.

Since 1979, capital expenditures have fallen at an annual rate of 7.5 percent, with expenditures for service buildings showing the sharpest drop, falling an average of 9.4 percent a year. In 1984, expenditures for all capital items fell, with the exception of farm truck purchases, which rose 8.7 percent. Expenditures for farm passenger cars, tractors, and other farm machinery fell 18, 8.1, and 1.5 percent, respectively, in 1984. Expenditures on service buildings and other structures fell 10.7 percent.

Government Payments Down
Total direct Government payments accounted for 5.5 percent of gross cash income in 1984, compared with 6.3 per-

cent in 1983. Direct cash payments for deficiency, diversion, disaster, storage, and conservation programs totaled \$4 billion, down slightly from \$4.1 billion in 1983. PIK disbursements totaled \$4.5 billion, following the \$5.2 billion in 1983, leaving total 1984 direct Government payments at \$8.4 billion, 10 percent below 1983's \$9.3 billion.

Payments from the wheat program (deficiency, diversion, and disaster) accounted for the largest share of cash payments, totaling almost \$1.8 billion, including \$1.2 billion in deficiency payments. Feed grain program payments, which accounted for the largest share of cash payments in 1983, were down considerably, totaling \$367 million, with \$296 million in deficiency payments.

Cotton program payments were \$274 million (\$250 million in deficiency payments), while the rice program totaled \$192 million (\$171 million in deficiency payments). Storage payments amounted to \$421 million, including \$88 million in PIK storage. Milk diversion payments, most funded by mandatory deductions from milk checks, totaled \$536 million in the first year of this program.

The remainder of PIK commodities under the 1983 program were disbursed in 1984. PIK corn, at just under \$3 billion, was the largest category. This was followed by cotton with \$650 million; wheat, \$506 million; sorghum, \$224 million; and rice, \$93 million. Of the PIK wheat disbursements, \$245 million was from the 1983 program, while the remainder came from the 1984 program. The portion of wheat from the 1984 program not distributed in calendar 1984, about \$90 million, was disbursed in early 1985.

Iowa had the largest share of PIK in 1984—\$601 million. Illinois was next with \$453 million, followed by Texas, Nebraska, and Minnesota. These five States garnered 47 percent of total PIK disbursements in 1984.

Inventories Affected 1984 Farm Income

The value of the change in farm inventories played a large role in determining the level of net farm income in

1984. Net farm income accounts include income from production, imputed income for the rental value of farm dwellings, the value of home consumption, and noncash expenses, such as depreciation and those expenses related to operator households.

The recent variations in net farm income may be traced almost directly to wide fluctuations in production and, thus, inventories. The large 1981 and 1982 crops and resulting big carryovers were followed by the 1983 drought-reduced crop and subsequent inventory drawdown. In 1984, with production rising significantly, inventory buildups reached record highs. The first estimate of the value of inventory change in 1984 is \$7.9 billion. [Matt Rea and Gary Lucier (202) 786-1808]

INCOME BY TYPE OF FARM

The 1984 net cash income for crop farms is estimated to be \$22.8 billion, down \$2.1 billion from 1983, primarily because of decreased PIK entitlements and increased cash expenses. The net farm income of crop producers is estimated at \$23.8 billion in 1984.

The change in the value of inventories was a key factor contributing to the increase in net farm income. Net farm income is a production-based concept, but cash income, a more sales-based measure, may provide a better indicator of available income in years of steeply declining farm prices, such as 1984.

Livestock farms realized a net cash income of \$15.9 billion and a net farm income of \$11.4 billion in 1984. Although net cash and farm income for livestock operations were smaller than those for crop farms, they followed similar trends.

Measuring income and expenses by farm type is useful in analyzing sector performance. Disaggregation of income by receipt and expense components is insightful in a farm sector that increasingly consists of highly specialized production technologies.

Cash grain farms accounted for almost 33 percent of total net cash and farm income for all crop farms. Increased production expenses and lower Government payments were key factors in the 20-percent decline in net cash income per cash grain farm. Also, fertilizer, energy, depreciation, and interest expenses accounted for 56 percent of total expenses for cash grain producers, up 1 percent from 1983.

The net cash income of cotton farms fell 16 percent in 1984, primarily because of a 16-percent reduction in Government payments and a 7-percent increase in expenses. However, net farm income, \$1.7 billion, was more than double that of 1983 because of increases in farm-held inventory. Energy, hired labor, depreciation, and interest expenses accounted for 54 percent of total expenses.

Tobacco farmers had approximately the same cash income in 1984 as in 1983. However, net farm income increased to \$0.5 billion. Estimated net cash income of other field crop farms decreased 5 percent, totaling \$3.1 billion.

Vegetable and melon farmers realized an average net cash income of \$118,781 per farm and a net farm income of \$107,438 per farm. This is the highest of any "other" crop farm type. However, net farm and cash income declined 14 and 8 percent, respectively, from 1983. Production expenses of vegetable farms increased 5 percent. Fertilizer and hired labor accounted for most of this increase.

Net cash and farm income per fruit and tree nut farm equaled \$19,807 and \$16,250, respectively, up 1 and 5 percent from 1983. Net cash and farm income for horticultural farmers reached \$2.8 and \$2.7 billion, respectively.

Gross farm income and production expenses of cattle, hog, and sheep farms increased in 1984, but at different rates, resulting in an increase in net cash income. Net cash income amounted to \$5.3 billion, up 16 percent from 1983, while net farm income increased 87 percent. In addition, expenses for purchased livestock and feed amounted to 38 percent of total production expenses.

Dairy net cash income decreased 4 percent to \$5.8 billion. Farm income per poultry and egg farm was the highest of any livestock category. On a per-farm basis, poultry and egg farms received an estimated \$90,227 in net cash income and \$87,864 in net farm income. [Agapi Somwaru and Tony Joseph (202) 786-1807]



World Agriculture & Trade

FEED DEMAND FOR COARSE GRAINS: A REGIONAL REVIEW

Global coarse grain production in the 1980's has grown phenomenally. Consumption and stocks are at record or near-record levels, while livestock feeding has increased significantly.

Led by expected large coarse grain production in the United States, the European Community (EC), and China, and a significantly improved Soviet crop, the global outturn for 1985/86, at 837 million metric tons, should break the previous year's record by more than 31 million tons. Livestock feeding will likely grow at only a slightly slower rate, reaching over 521 million tons.

In 1980/81, the feed use share of world coarse grain consumption was 59 percent. It is forecast at 65 percent for 1985/86. The feed use share for wheat is expected to remain steady at 38 percent.

Pork and Poultry

Main Users of Coarse Grains

Global cattle inventories (including buffalo) have grown only modestly during the 1980's. Estimates for beginning-year inventories for 1985 match those of 1982 and are down slightly from 1984. Inventories have hovered around 945 million head in recent years, with the largest concentrations in Asia, South America, the Soviet Union, and the United States. Except for the United States, Japan, Canada, and a few other developed coun-

tries, cattle feeding for meat production is very limited. While the feeding of dairy cattle for milk production is more common than feeding cattle for beef production, from a global viewpoint, beef and dairy are primarily forage-based industries. Pork and poultry are the primary users of feed grains.

Global hog numbers, now at over 708 million head, have shown good growth. Inventories, however, are still below the 1981 figure because of a drawdown in the United States and China in 1981. Pork production has grown 5 million tons (9 percent) since 1981.

Poultry meat production has expanded rapidly in many countries. Global poultry meat output is expected to surpass 25 million tons in 1985—up 12 percent since 1981. The development and expansion of commercial poultry operations is one of the main factors behind feed use growth. U.S.-type commercial operations require the feeding of certain types of high-quality feed. Thus, as foreign countries set up this type of operation, their need for high-quality coarse grain expands. For example, Saudi Arabia's poultry production has expanded more than 50 percent since 1981. Its use of coarse grains for feeding climbed more than 4 million tons between 1980/81 and 1984/85.

U.S. Meat Output Hits Record in 1985

Cattle inventories in the United States, estimated to have been almost 110 million head at the beginning of 1985, have fallen more than 5 million head in the last 3 years. They fell marginally during 1982, more than 1 million during 1983, and almost 4 million in 1984. Another decline is expected in 1985. However, because of the changing makeup of the cattle herd, a better indicator of feed use is fed cattle marketings. Fed cattle marketings have increased in the past few years and will be up again this year. In addition, the higher average slaughter weights in 1985 indicate increased feeding per animal. With expanded milk production, feed use will be up in the dairy sector.

U.S. feed consumption of coarse grains has expanded because of continued large production that has made feed grains relatively inexpensive. Total red meat and poultry output in the United States will be at record levels in 1985, but is expected to decline next year. U.S. coarse grain feed use for 1984/85 is estimated at 131.8 million tons, up almost 14 million from a year earlier and only 8 million tons below the 1982 record. A much smaller gain in feed use is expected in 1985/86, because of declining red meat production.

Feed's Share of Coarse Grain Consumption Rising

Million metric tons

800

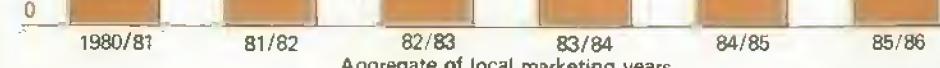
600

400

200

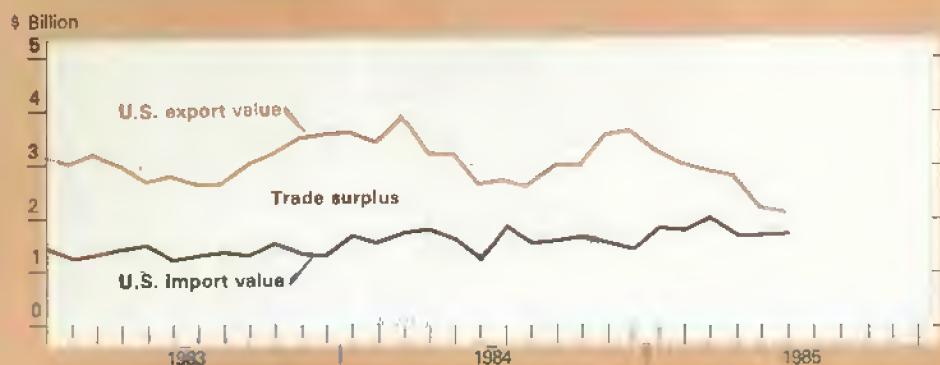
0

1980/81
1981/82
1982/83
1983/84
1984/85
1985/86
Aggregate of local marketing years
1985/86 forecast.

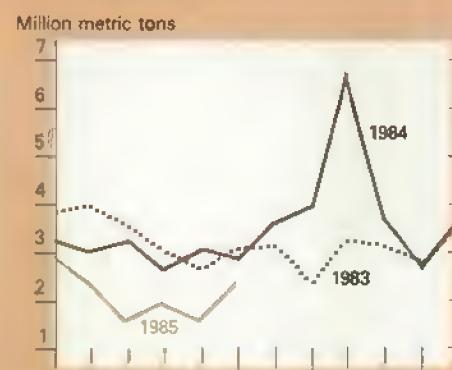


U.S. Agricultural Trade Indicators

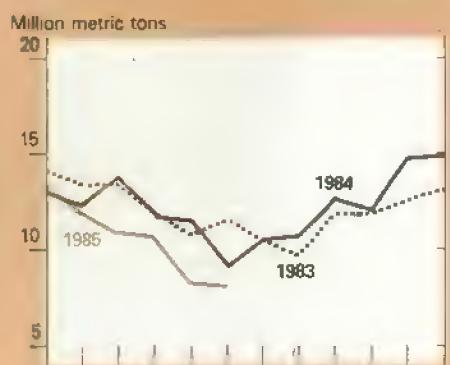
U.S. agricultural trade balance



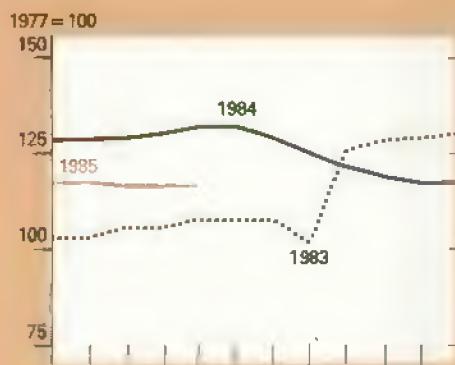
U.S. wheat exports



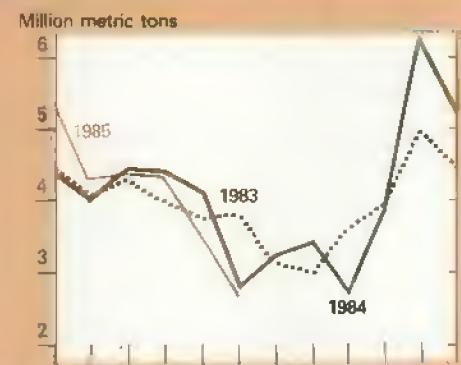
Export volume



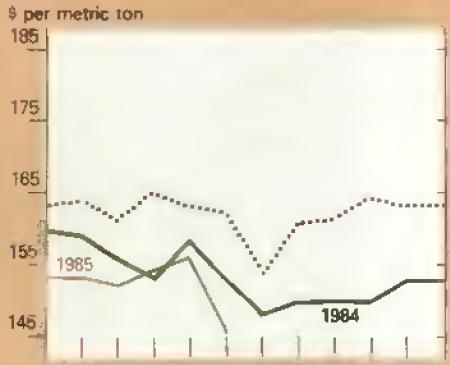
Export prices



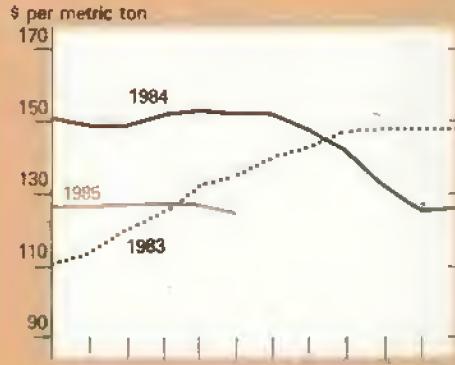
U.S. corn exports



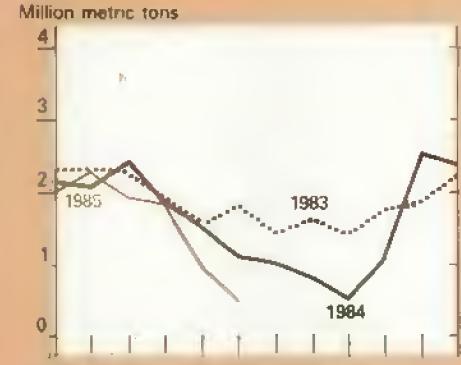
Wheat export unit value*



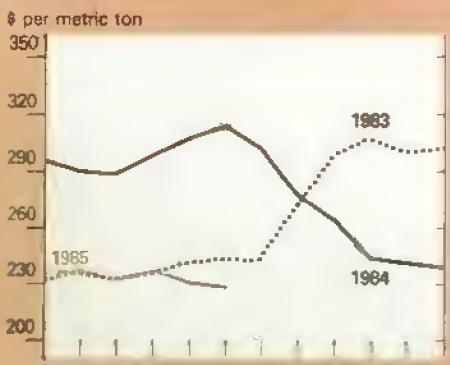
Corn export unit value*



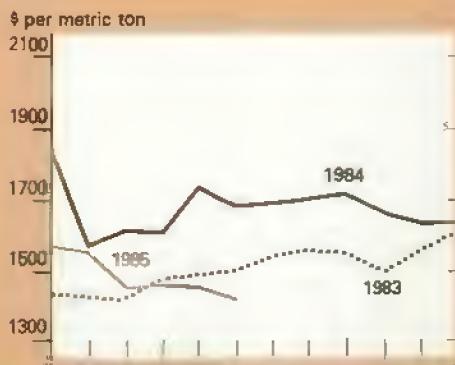
U.S. soybean exports



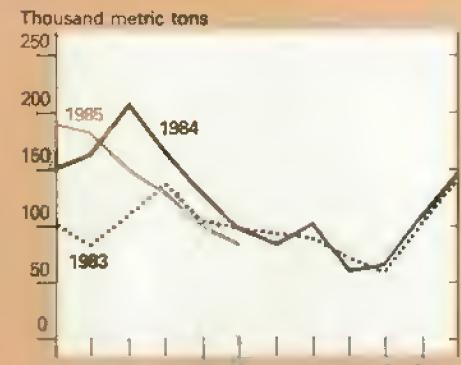
Soybeans export unit value*



Cotton export unit value*



U.S. cotton exports



*Value of U.S. exports divided by volume exported. Data on the wheat, corn, soybean, and cotton exchange rates are now included in the U.S. Agricultural Trade tables at the back of this issue.

U.S. coarse grain production in recent years (with the exception of 1983, when yields fell almost 30 percent and area decreased about 25 percent) has been large, but even with the near-record feeding, production has so outpaced consumption and trade that ending stocks have soared. U.S. ending stocks are forecast to grow to more than 35 million tons this year, an increase of over 75 percent from a year earlier and the second largest tally on record.

Reduced EC Dairy Support Lowers Animal Numbers

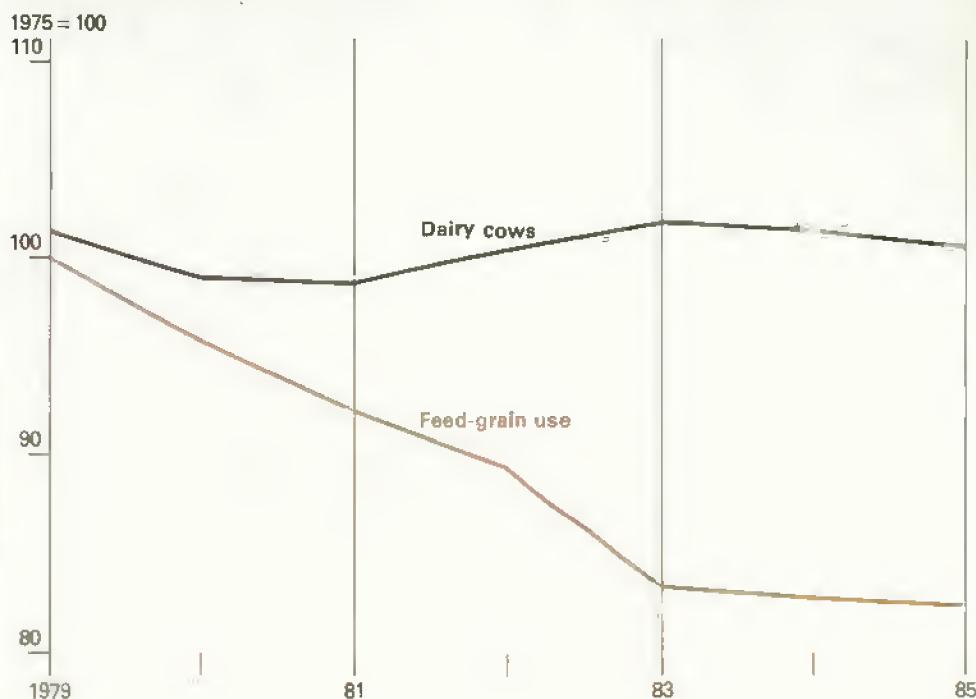
EC cattle numbers declined in 1984 and are projected to drop in 1985, primarily because of a supply control program for milk initiated in April 1984. High support prices caused a rapid rise in EC milk production in the early 1980's and a mountain of surplus butter, cheese, and nonfat dry milk stocks was accumulated. To stem this tidal wave of milk, the EC imposed quotas on milk delivered to dairies.

The first year of the 5-year program ended last March and was generally successful. Increased culling of milk cows, combined with reduced feeding rates, lowered 1984/85 milk production about 4 percent compared with 1983. Because the program calls for further reductions in milk output in 1985, inventories are forecast to fall below 78.5 million head for the first time since 1982.

EC hog inventories are largest in West Germany, although they are also high in France and the Netherlands. Combined hog numbers in the EC (at almost 80 million) have increased only modestly in recent years. Projected higher pork production (the result of favorable conditions in France, Denmark, and the Netherlands) and a small increase in poultry production should offset reduced feed needs in the dairy sector, so coarse grain feeding is expected to be up marginally in 1985/86.

Coarse grain production in the Community soared to almost 75 million tons in 1984, the result of tremendous yield gains. Production in 1985 is forecast at over 72 million tons, with anticipated coarse grain yields only 4 percent below the record-shattering level of the previous year.

EC Dairy Cow Numbers and Feed Use Down



Large domestic grain production has allowed a significant increase in animal feeding in the EC in the 1980's, but that increase has been too small to ease the burden of enormous coarse grain inventories—now forecast at over 8 million tons for the first time.

Japan: Changes Ahead for Meat Supplies

Japan is in the midst of liberalizing its trade policy to gradually expand beef import quotas. Much of the increase is in high-quality beef, which comes mainly from the United States, but some additional imports are also being received from Australia. These changes, combined with other factors, precipitated a slide in Japanese calf prices and increased slaughter of some types of cattle. Therefore, beef production has increased in the short term.

Hog numbers in Japan, at just under 11 million, have shown continued strength throughout the 1980's and are forecast to remain high in the near term. The poultry sector has also grown steadily. As a result, Japan's feed use of coarse grains in 1984 rose 3 percent from the previous year. Nonetheless, Japanese feed grain imports from the United States have been slow throughout the summer months, partially because of increased purchases from China. A slowdown in the rate of growth in feed grain consumption is also expected in the near term.

China's Livestock Sector Keeps Growing

Because of agricultural reforms, livestock production in China has grown in both volume and value throughout the 1980's. The reforms include increased producer prices, expanded allocation of private-plot fodder production, and increased private feeding of animals.

The bulk of the resulting production gains are in the pork sector. Hogs, at 306 million head in early 1985, are the dominant livestock in China and represent about 43 percent of total global hog inventories.

The large grain crop harvested in 1984 helped the livestock sector, which had been lagging, to grow, but demand for livestock products continues to outpace the supply. Pork rationing was reinstated in Beijing during the first several months of 1985. The large grain crop may have permitted livestock producers to increase feeding rates.

Despite these improvements, China continues to be an inefficient feeder and producer of livestock. Analysts in China argue that, given the magnitude of animal inventories, meat output and slaughter rates are too low. Changes in feeding techniques are forthcoming, but progress remains slow. In 1984/85,

as much as 5 million tons of China's large coarse grain crop was exported, and feed use rose an estimated 6 million tons.

Further changes that may alter coarse grain use in China are under way. These include a shift away from consumption of coarse grains for food in favor of wheat, which would free up supplies for feed use.

Such a move may somewhat restrict China's ability to export coarse grains in the near term, even with continued high production. However, China should remain a net coarse grain exporter, selling to traditional U.S. customers. Those countries include South Korea and Japan, as well as the Soviet Union. Estimates of Soviet coarse grain purchases from China in 1984 are around 1 million tons.

Other Countries Show Mixed Outlook
Recently the U.S. International Trade Commission (ITC) decided that Canadian exports of live hogs to the United States were injurious to U.S. hog farmers. The imposition of countervailing duties could lead to a reduction in Canadian hog inventories, which were estimated at almost 11 million head in 1985, and a resulting decrease in coarse grain consumption. At the same time, the ITC ruled that Canadian pork sales to the United States were not injurious. There is a chance that Canadian producers will switch from exporting live hogs to exporting pork, limiting the impact of the ITC ruling.

Even though Brazilian poultry exports have been slowly declining recently, high domestic red meat prices and some economic recovery have led to a shift from red meat consumption to more poultry. As a result, poultry production is anticipated to increase, bringing along with it a resulting increase in feed grain demand. The domestic economy is, however, likely to force a continued reduction in hog inventories, as demand for pork falls as a result of competitive beef and poultry prices.

Saudi Arabia is increasing significantly its meat production through greatly expanded poultry output. In spite of increased imports, Saudi Arabian long-term goals call not only for self-sufficiency in poultry meat, but to become a net exporter. For religious reasons, the country has no hog inventories, and cattle numbers are small.

[Jim Cole (202) 786-1691]



General Economy

Real gross national product (GNP) grew a sluggish 0.3 percent in the first quarter of 1985 and 1.7 percent in the second. The Federal Reserve Board's industrial production index for June was up 1.8 percent from June 1984. Secondary indicators, such as preliminary industrial production estimates and durable goods orders, suggested a smaller rise, but the goods-producing sector, while still relatively weak, performed better than previously thought.

On an annual basis, the Consumer Price Index (CPI) rose less than 4 percent in first-half 1985, with the increase in the Producer Price Index (PPI) below 1 percent and the GNP consumption deflator only slightly above 3 percent. Most analysts see little potential for a flareup in inflation in the rest of 1985.

The unemployment rate continued to stagnate around 7.3 percent. Nevertheless, employment grew to 106.9 million jobs in July this year, compared with 106.4 million in June. A decline in manufacturing jobs was more than offset by increases in the service sector and construction.

Inventory adjustment was substantial. Real net inventory accumulation went from \$19.1 billion in the first quarter to \$5.8 billion in the second. For most sectors of the economy, inventories now appear to be in line with expected final sales. Real final sales, essentially flat in the first quarter, rose 5.1 percent in the second.

Net exports decreased substantially in the first quarter and declined further to a deficit of \$33.4 billion in the second quarter. While net export declines in 1984 were caused by a faster rate of imports than exports, this year's exports have actually declined, with the manufacturing, agriculture, and mining (MAM) sectors accounting for most of the decline. Normally in the mature phase of a recovery, U.S. commodity prices would be higher, but the strong dollar has hurt sales from mining and agriculture, and prices are weak.

The MAM sectors were also affected by a worldwide increase in capacity spurred by strong U.S. import demand, and export promotion and import substitution programs in the less-developed countries. The relatively weak growth of our major trading partners was also important in the downturn of U.S. exports.

The Interconnecting Puzzles

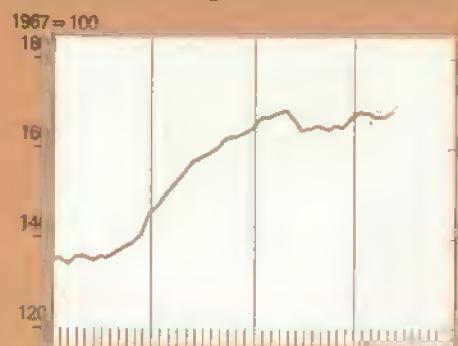
Low inflation, the strong dollar, and a deficit in net exports have caused a shift in many macroeconomists' analyses. First, most economists predicted inflation would be higher than it actually was in 1984 and the first half of 1985. Second, wholesale prices, as indicated by the PPI, are much weaker than would be expected in this stage of the business cycle.

Previously, macroeconomists looking at inflation and growth started from the perspective that money growth is the key short-term influence on aggregate demand, with fiscal stimulus an important second. In recent years, forecasting economic growth and inflation has become more difficult since the effect of international trade has become increasingly important within U.S. GNP.

Now, the short-run determinants of nominal income haven't changed, but the allocation of nominal income to inflation and real growth has gotten more complex. Aggregate demand could go into import demand, as well as domestic prices and output. Both export and import-competing industries face increased price competition—slowing the growth of

General Economic Indicators

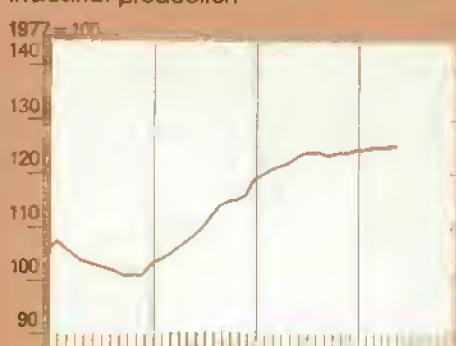
Composite leading economic indicators



Gross national product¹



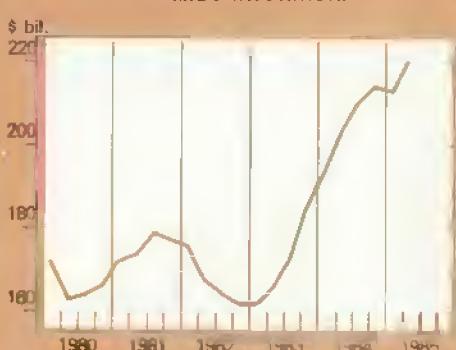
Industrial production



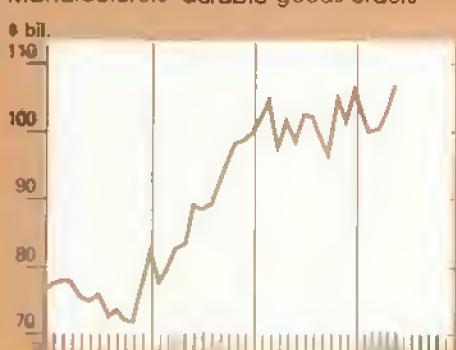
Disposable income and consumption expenditures²



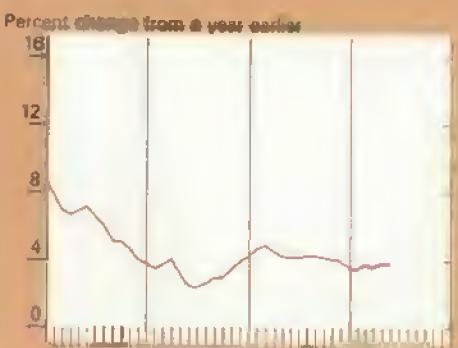
Nonresidential fixed investment²



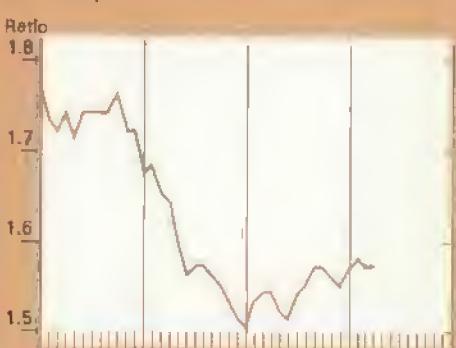
Manufacturers' durable goods orders³



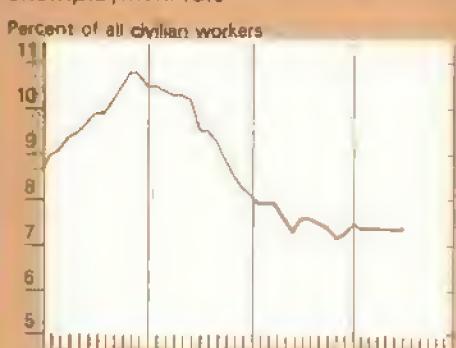
Consumer price index



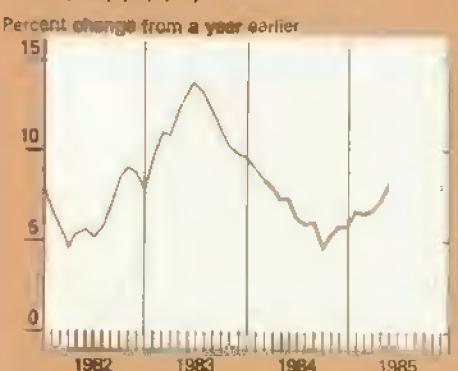
Inventory/sales⁴



Unemployment rate⁵



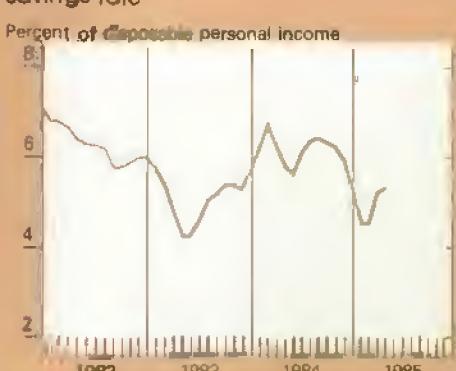
Money supply (M1)



3-month treasury bill rate



Savings rate⁶



¹Percent change from previous quarter in 1972 dollars. Seasonally adjusted annual rates.

²Nominal dollars

³Manufacturing and trade, seasonally adjusted, based on 1972 dollars.

⁴Billions of 1972 dollars, seasonally adjusted at annual rates.

⁵Seasonally adjusted.

⁶Calculated from disposition of personal income in 1972 dollars, seasonally adjusted at annual rates.

Sources are: U.S. Dept. of Commerce, U.S. Dept. of Labor, and the Board of Governors of the Federal Reserve System.

the aggregate price level. Weak U.S. commodity prices come as a natural result of

- the strong dollar,
- high domestic interest rates,
- low growth of worldwide industrial production, thus decreasing the demand for U.S. raw materials, and
- lower overall inflation rates, reflecting weaker final demand pressure.

Growth Forecasts Are Mixed

Despite lackluster GNP growth in first-half 1985, the majority of forecasts put growth above 3 percent for the second half. Inflation is not likely to heat up. The interest rate forecasts are mixed, with some analysts forecasting small declines and others expecting a rise of 200 basis points or more.

Most private forecasters put GNP growth at 2.5 to 5 percent. Short-term interest rates vary from slightly lower than the current 7.50 percent to 200 basis points higher by the end of the year. The unemployment rate is forecast between 7.2 to 7.6 percent. The wide variability in forecasts this late in the year indicates a number of factors peculiar to this business cycle.

The structure of the U.S. economy has shifted greatly since the last major recovery in the middle 1970's. The MAM sectors have been harmed by the disinflationary monetary policies begun in the late 1970's. High interest rates, the strong dollar, and low inflation, while having desirable effects, have placed disproportionate burdens on the trade goods sectors—including agriculture. As a result of these shifts, the reaction time to large current fiscal and monetary stimulus will likely not be as regular as history would suggest. For example, double-digit money supply growth formerly suggested impending large price increases. So far, this has not happened.

Also, industrial production and commodity prices are not as reliable indicators of future economic growth or decline as they once were because the sectors of the economy these indicators chart do not have the general economic impact they once did. This has become particularly apparent since mid-1984. Thus, the divergence in private forecasts emerges as the macroeconomic forecasters predict the size of the deficit and the direction of monetary policy in the face of increasing uncertainty about the behavior of the economy. (David Torgerson (202) 786-1283)



Inputs

FARM MACHINERY UPDATE

U.S. farmers are projected to purchase \$6.4 to \$6.6 billion of new and used farm machinery in 1985, down from a depressed \$7.3 billion last year. The continued weakness of the U.S. farm economy has cut demand for new machinery, severely affecting the domestic farm machinery industry.

Machinery Demand Low

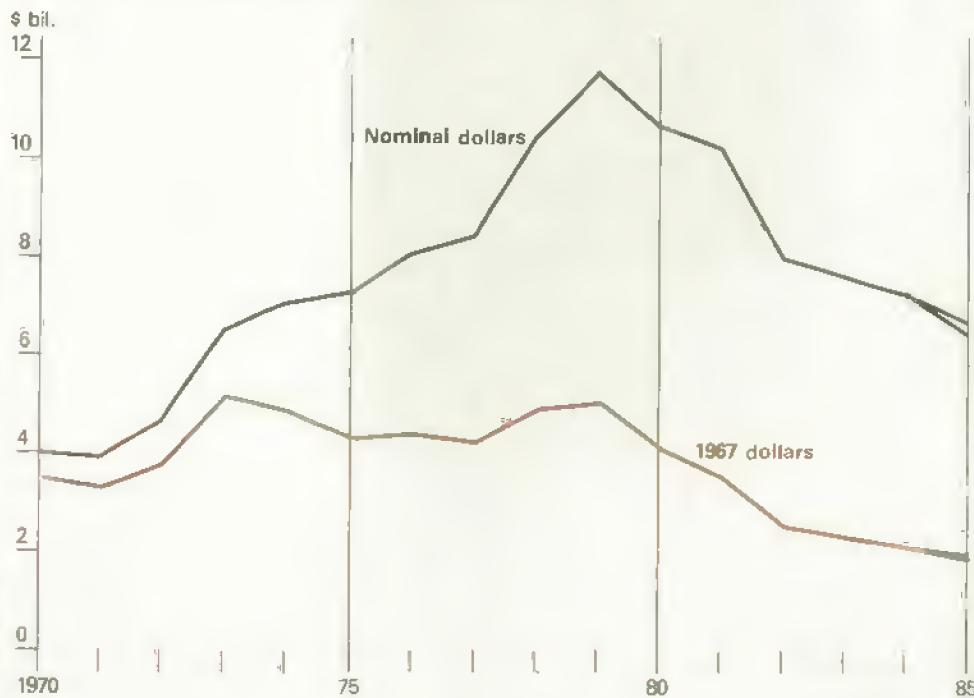
Domestic demand for new farm machinery fell dramatically in 1984, and even further so far this year.

Farm purchases of 40-99 horsepower (hp) two-wheel drive tractors during January-May 1985 totaled about 15,880 units, 8 percent below a year earlier. Purchases of over-100 hp two-wheel drive tractors fell 19 percent, from 11,100 units in 1984 to about 8,950 this spring. The four-wheel drive tractor market, however, has been harmed the most by the poor farm economy. Sales of four-wheel drive tractors plummeted more than 45 percent to 1,140 units during January-May 1985, from 2,085 the previous year.

The outlook for over-40 hp tractor purchases in all of 1985 is down from a year ago. Purchases of 40-99 hp two-wheel drive tractors are projected to fall 1.5 percent to 37,700 units, while over-100 hp two-wheel drive tractor purchases are expected to be down 8 percent to 22,600 units. Demand for four-wheel drive models will decline sharply this year; farm purchases are forecast to fall 27 percent to 2,900 units.

Because of declining sales, total power takeoff (PTO) capacity for new over-40 hp wheel tractor purchases is forecast to fall 23 percent to 5.4 million hp this year, from 6.94 million in 1984. Total PTO purchased annually has steadily declined since 1979. Most farmers who have been able to purchase new tractors are buying less expensive, smaller powered units. With demand for

U.S. Farm Machinery Expenditures Continue To Slide



higher powered tractors declining faster than demand for 40-99 hp units, the average per-unit capacity for the larger tractors is projected to fall for the sixth consecutive year, dropping 4.5 percent, from 104 hp in 1984 to 99.3 hp this year.

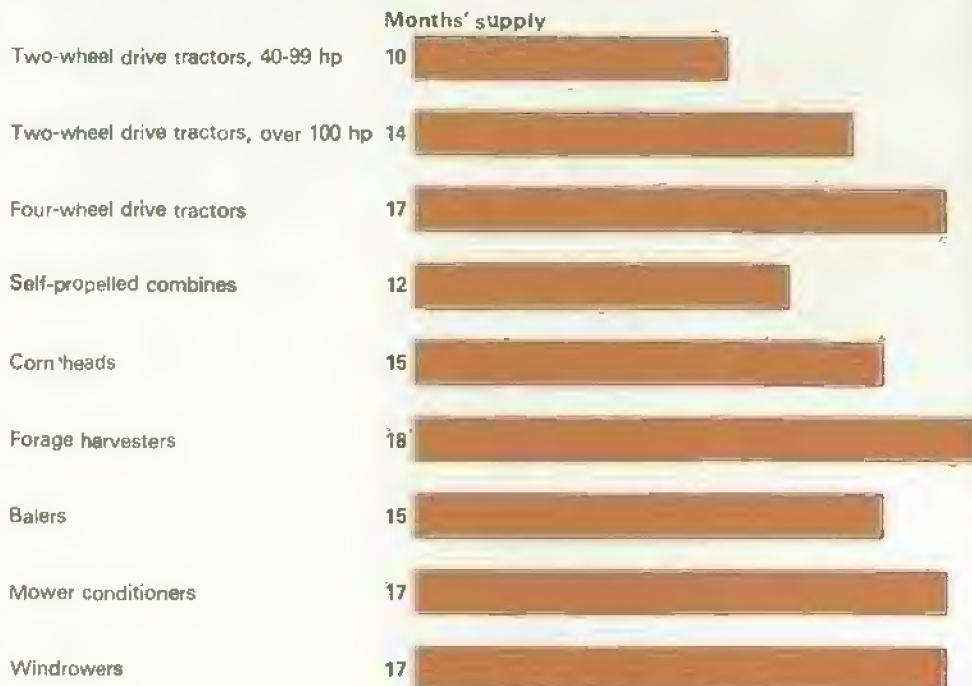
Early-season purchases of grain and forage harvesting and haying equipment also declined from 1984. Domestic self-propelled combine sales dropped 34 percent, and corn head sales 43 percent during January-May of this year. Sales of forage harvesters fell 12 percent; balers (producing bales up to 200 pounds), 1 percent; mower conditioners, 3 percent; and windrowers, 11 percent.

For all of 1985, domestic purchases of grain and forage harvesting machinery are projected to remain below last year, while haying machinery sales are forecast to remain about the same. Purchases of self-propelled combines and corn heads are expected to drop about 27 percent. Farmers also are projected to buy 21 percent fewer forage harvesters. Demand for haying equipment is expected to remain constant, with purchases of balers increasing 1 percent and mower conditioners falling 1 percent.

Inventories Excessive

Large domestic inventories of the major farm machinery items far exceed current and expected near-term demand. With depressed demand since 1982, manufacturers have made a concerted effort, particularly since second-half 1984, to improve their balance sheets by reducing production and inventories. Many domestic plants were temporarily shut down during the past year, and some are not expected to reopen until machinery inventories are reduced. Virtually all major domestic manufacturers recently announced plans to sharply cut production of wheel tractors and combines during second-half 1985. In spite of industry-wide efforts to reduce inventories, a 10- to 18-month supply of wheel tractors and harvesting equipment exists.

Domestic Industry Inventories, May 1985



Farm Machinery Trade Balance Falls

The U.S. farm machinery trade balance was \$6.5 million in first-quarter 1985. Farm machinery exports during January-March declined 15 percent to \$427 million, from \$503 million in first-quarter 1984. Meanwhile, the value of imports rose 2 percent, from \$413 to \$421 million.

The trade balance has been steadily declining since 1981 because of the strong U.S. dollar and weak farm economies in major machinery export markets. Also, a greater share of the net domestic machinery supply is being manufactured overseas, in part because production costs are lower.

Although U.S. exports of farm machinery in nearly all categories declined, a large drop in exports of wheel tractors and parts accounted for a major share of the total first-quarter reduction. Exports of wheel tractors and parts fell more than 20 percent to \$205 million during January-March 1985, with most of the decline in reduced shipments to Canada, Western Europe, and Australia.

The domestic farm machinery industry continues to produce an increasing amount of machinery overseas, taking advantage of lower labor and raw material costs and the absence of trade duties on farm machinery entering the United States. The value of machinery imports represented less than 10 percent of the net domestic supply in 1972, but was 17 percent last year. More than half the value of U.S. farm machinery imports represents under-100 hp wheel tractors, manufactured primarily in Western Europe and Japan.

The near-term outlook for U.S. farm machinery trade calls for flat or declining exports and increased imports, pointing to further reductions in the positive U.S. trade balance. [Michael Hanthorn (202) 786-1456]



Livestock Industry Adjusting to Continuing Pressures

Current production techniques for beef, pork, and poultry bear little resemblance to those of 30 or more years ago. Over the past several decades, livestock and poultry producers have modernized their production processes, taking advantage of technology to increase production and lower costs. As a result, total meat production has expanded and is now record high. Furthermore, meat consumption patterns have changed dramatically, and market shares have shifted between beef, pork, and poultry.

Production Shifts Between Meats

Before 1953, pork had the lion's share of U.S. meat production. Over 2 million farmers produced hogs in small enterprises, all using about the same management practices. Per capita consumption remained relatively stable, with swings largely accounted for by cyclical production. Hog cycles averaged about 4 years in length until the mid-1970's.

Beef production expanded during the early 1950's, and in 1954, per capita consumption of beef rose above that for pork for the first time. Increased competition between pork and beef influenced a change in the type of hog bred; consumers demanded a leaner animal. At the same time, vegetable oils began to give much stiffer competition to the lard market, and the price of lard fell. With lower demand for lard, hog producers became mainly meat producers.

Meanwhile, change was also afoot in the poultry industry. Before the early 1950's, broilers were produced in small flocks near cities as a secondary activity to egg production. Advances in engineering, biological studies, and changes in market organization all spurred poultry into the modern age. A major mechanical innovation was improved housing, which significantly increased production efficiency. This led to economies of size and, thus, lower costs of production. Increased feed efficiency also contributed to rising production.

In the 1950's, most beef was grass-fed, with a few cattle fed grain in farmer-owned feedlots in the North Central States. By the late 1950's, large commercial feedlots began to appear in the West and Northern Plains.

This trend continued into the 1960's. Cattle feeding, which had traditionally been performed by farmer-feeders in the Corn Belt, shifted to the Southern Plains. Aided by irrigation technology, grain sorghum production increased, causing a feed grain surplus. Consequently, a new resource base for fed beef production was created. Feedlots were organized into large commercial operations that were able to attract outside capital.

Beef demand continued to increase through the 1960's, as the population grew and consumer incomes rose. Consumer preference shifted from grass-fed beef to higher quality grain fed beef. Thus, total beef production expanded on the strength of fed beef output. Not only did grain feeding result in increased production, but the time from weaning to slaughter was decreased. Until the early 1960's, grass-fed steers were typically slaughtered at 3 to 4 years of age. Grain feeding decreased the time to about 18 months.

The beef industry grew and evolved into two more distinct parts—the cow-calf sector and feeding sector. The stage was set for more of this trend in the 1970's.

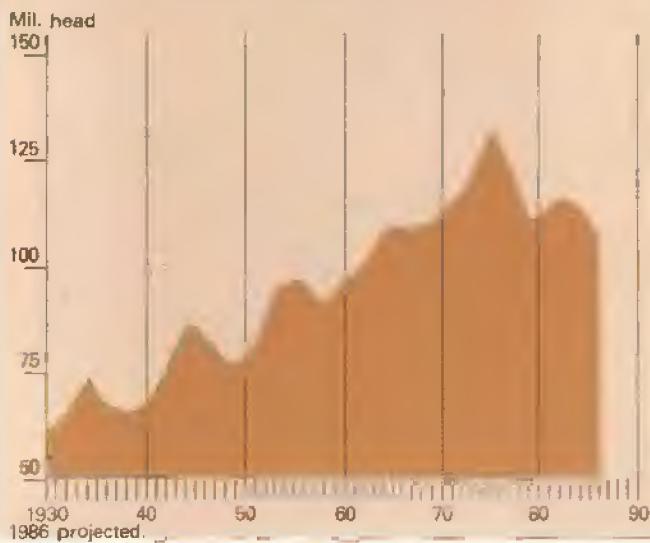
The Early 1970's:

A Good Time for Expansion

Growth in consumer incomes, low grain prices, and low inflation in the late 1960's and early 1970's provided the economic incentive to continue expanding beef production. Thus, the cattle inventory grew at an unprecedented rate and peaked at 132 million head on January 1, 1975. In addition, and perhaps more important, was increasing slaughter weights through the period.

Cattle feeding was becoming more efficient with the advent of feed additives, nutrition research, and genetic improvement. By 1973, the average live weight of cattle slaughtered reached 1,043 pounds, a substantial increase from about 1,000 pounds in 1960. In 1968, when the inven-

U.S. Cattle and Calf Inventory Rose Dramatically, but Now on a Downward Swing



tory was about the same as on January 1, 1985, commercial beef production was 20.7 billion pounds, with an average dressed weight of 590 pounds. In 1984, commercial beef production was 23.4 billion pounds and the averaged dressed weight was 623 pounds. Dressed weights for steers in 1968 averaged 667, while in 1984, the average was 700 pounds.

Cattle feeders are willing to pay higher prices for feeder cattle when Choice steer prices are strong relative to grain prices. Through 1973, this relationship was true. However, a combination of reduced corn production in 1970/71 and increased exports in 1973 resulted in higher feed grain prices in 1974. Cattle feeders adjusted to higher grain prices by lowering bids for feeder cattle. Consequently, cow-calf producers suffered losses, particularly as costs of production increased with the energy crisis and rising energy prices.

The forage base was decreased as land reverted to crop production and carrying capacity on permanent pastures declined because of reduced fertilizer use in the Southeast. Until the mid-1970's, producers in every sector of the cattle industry had profited from generally expanding beef consumption, but a changing economic environment curtailed the rise in demand and, consequently, herd expansion.

From 1975 to 1979, the cattle industry went through the sharpest liquidation ever experienced. In 4 years, the inventory fell 22 million head to 110 million. With the sharply reduced inventory, producers reaped record cattle prices during 1979/80. Net returns were substantially improved and remained positive through the period. Consequently, herd buildup began. But this buildup halted in 1982, as prices dropped because of expanding pork and poultry production and eroding consumer buying power that came with rising inflation.

Low Prices and Eroding Land Values.

Hinder Cattle Industry

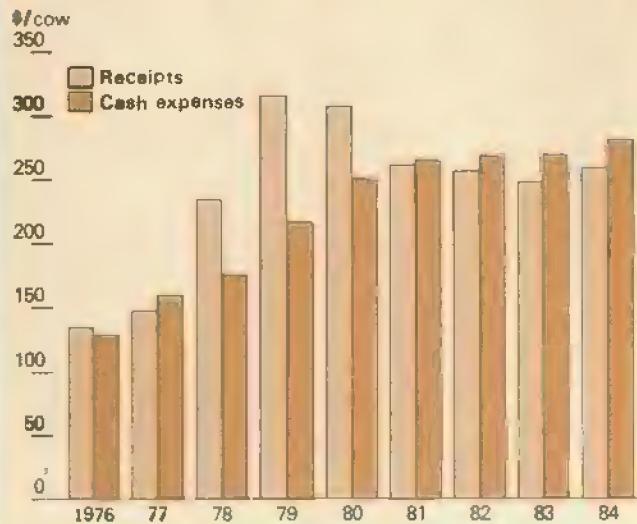
Severe cash flow problems caused by low prices and eroding land values have hindered the cow-calf sector of the cattle industry throughout the 1980's. The current cycle began with an inventory of 110 million head in 1979, but only increased to 115.4 million in 1982 before the expansion was choked by financial problems and drought-reduced forage supplies.

Since 1981, net returns (receipts less cash expenses) have fallen about \$80 per cow in each of the four major cow-calf production regions. With rising fertilizer costs, net returns in the Southeast have been nonexistent since 1981. However, from 1980 to 1983, the Great Plains showed the largest decrease, which when combined with drought in 1983/84, resulted in a 7-percent decrease in the beef cow inventory in 1984. Differences in feed costs are a major factor causing variability in costs between regions.

On January 1, 1985, the inventory was 109.8 million, down 3 percent from a year earlier and the lowest inventory since 1968. Beef cows numbered 35.4 million, down 6 percent from the previous year. In addition, the 1984 calf crop, at 42.5 million, was the lowest since 1963.

The cattle inventory will likely continue to decline through 1985 and 1986. Expansion may not be realized before 1988 and, then, only at a much slower pace than previous cycles. Not only has a large portion of the breeding herd been sent

Receipts in the U.S. Cattle Industry Fall Below Expenses in the 1980's



to slaughter over the past 4 years, but fewer heifers have been retained to replace the cows. In addition, calf crops each year have continued to decline. The January 1, 1986, inventory may fall to 106 to 107 million head.

With decreasing beef supplies and competitive retail prices, prices for cattle should strengthen. Low inflation will help to stabilize production costs. It is uncertain what is the best inventory level for maintaining a stable cattle industry.

Market Share of Pork Declines

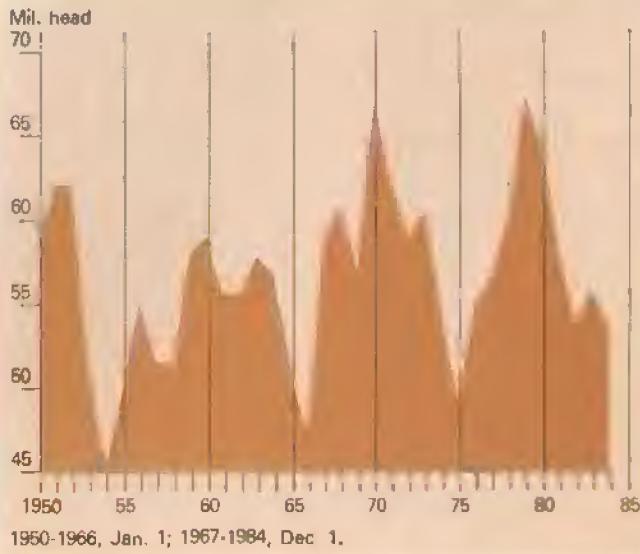
The U.S. pork industry has been producing about the same amount of pork for many years, but its market share has declined as total red meat and poultry production has increased. In the 1950's and 1960's, the number of hog producers dropped sharply. Farms were combined into larger units or the hog enterprise was dropped. During this time, farmers had the flexibility to move in and out of hog production because the investment required was relatively low.

The sharply higher grain prices that pressured the beef and poultry industries in 1974 also reduced returns to hog producers. These low returns led to herd liquidation and sharply reduced pork production in 1975. In the following years, hog prices rose sharply while corn prices dropped, once again making hog enterprises profitable.

Pork producers began expanding output again, but this expansion, in contrast to past ones, saw many producers building or remodeling facilities in order to become larger and more specialized, taking advantage of economies of size. Over a third of farrowing capacity in 1980 was built during 1975-80. Many producers went heavily into debt for this capital investment. In addition, many producers also bought additional land and crop equipment, adding to their debts.

Hog producers' returns were relatively good during 1976-78, so producers increased output, but the expansion did not occur as rapidly as in previous years. The chief reason was the lag associated with planning, financing, and building the facilities. In the past, expansion was just a matter of a biological lag.

U.S. Hogs and Pigs Inventory Changes Cyclically



As production dropped in 1981 and 1982, hog prices rose. In the summer of 1982, hog prices averaged \$62 per cwt, and in the fall, a record crop sent corn prices below \$2 a bushel. As usual, hog operations started expanding. This expansion led to increased pork production in 1983.

Also in early 1983, the PIK program was announced, and corn prices began moving higher and averaged about \$3 a bushel in the second quarter.

Hog prices dropped from \$55 per cwt in the first quarter to \$47 in the spring and summer. As the drought hit in summer, corn prices climbed further, and producers reduced herds. Hog prices dropped to \$42 per cwt in fall 1983. That year, producers' returns just covered cash costs. In 1984, returns were only a little better because hog prices averaged a little higher.

The current herd reduction is the result of low returns and financial stress in agriculture. Although feed costs have declined sharply since 1983, hog prices have been pressured by large domestic meat production and imported pork and live hogs.

Producers are reducing their herds by selling more gilts than normal, rather than retaining them for breeding. The marketing of gilts raises cash for operating expenses and debt service. The breeding herd on June 1 was the lowest since 1964, and producers indicated intentions of having 4 percent fewer sows farrow during June-November. If producers follow their intentions, pork production in the first half of 1986 will be below a year earlier.

Hog prices are expected to be in the high \$40's in winter 1986, and if corn prices are low, some expansion will likely occur and could continue into 1987. However, the expansionary phase will be modest by historical standards because of the financial problems of many producers, especially in the Corn Belt, where the majority of hogs are grown.

Broiler Industry Continues To Grow

After very rapid growth in the 1970's, broiler production has expanded less in the 1980's. The largest increase in output during this decade occurred in 1981—a 6-percent expansion.

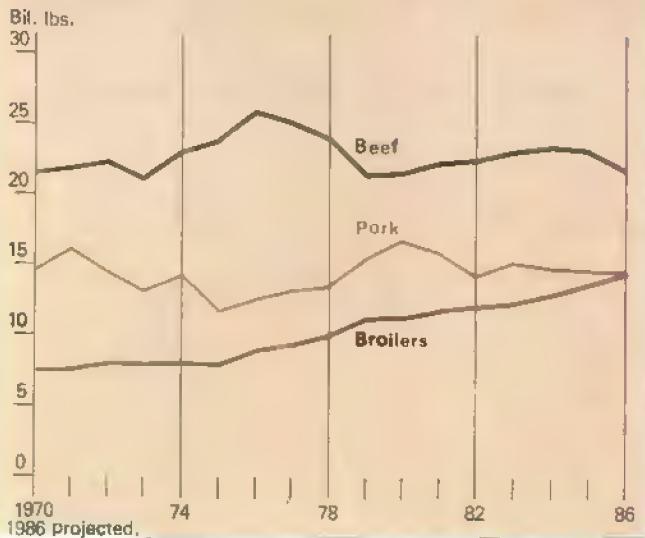
After record-low net returns of negative 5 cents a pound in 1981, broiler producers slowed production gains in 1982. Output of broiler meat increased only 1.5 percent in 1982, but profits evaded producers. Producers were in the red by 2 to 3 cents a pound. Producers started to expand operations in first-half 1983, but when positive returns again disappeared, they stopped. For 1983, output was up 2 percent, and on average, producers were in the hole 1.7 cents for every pound sold.

Last year was the first year in the 1980's when broiler producers made profits, after having made several cost-saving adjustments earlier in decade. For example, during the 1970's, broiler production could be easily expanded up to 4 percent by getting extra hatching eggs. Now, hatchery flocks are at full capacity, so to get extra eggs, they must delay hen slaughter.

Broiler producers are shifting from "commodity" whole birds to branded birds and parts. These products usually have higher markups and are more profitable for producers.

The production capacity built during 1976-79 was in place in late 1979, when net returns plunged sharply because of lower hog and higher corn prices. Furthermore, during the late 1970's and early 1980's, interest rates climbed. Many producers had outstanding loans that provided for an interest rate adjustment. Thus, producers suddenly found interest costs up sharply, and many had to borrow additional money to pay the interest on existing loans. So, caught in a financial squeeze, producers began liquidating the large inventory of hogs and set a commercial slaughter record in 1980. As a result, hog prices in 1980 dropped below \$30 per cwt. At the same time, corn prices rose. Thus, net returns to hog producers fell sharply.

Broiler Production Shows Strong Rise; Beef and Pork Dropping



In addition, some producers have added case-ready products, so retailers can simply take the already price-marked tray packs of chicken parts out of the box and put them in the retail case.

Broiler integrators are also expanding into further processed products. These are convenient for busy consumers and profitable for the firms. Many of these products are frozen, which helps in scheduling production because sales are made from inventory. Also, nugget-type processed products have been added to most fast food menus and are providing many sales.

Broiler integrators' attempts at operating fast food and other restaurants were not as successful. Presently, the most active firm has sold their restaurants, and one other firm has stopped adding them. Thus, it would appear that restaurant ownership does not fit well into integrated broiler operations.

The early 1980's did not provide the returns that broiler producers needed to take advantage of the changing technology. While some firms could add new products and processes, other firms needed a period of profits to finance these technological changes.

The integrators, while in much better shape financially now than earlier, are not in a position to finance new grow-out houses. In the past, farmers built and financed the broiler grow-out houses, then contracted with integrators. These houses have evolved over time into very specialized structures, highly insulated and expensive to construct. Currently, farmers that might wish to grow broilers would likely have a harder time arranging financing since lenders may be reluctant to add new agricultural loans to their portfolios. Thus, broiler expansion may be limited by a lack of building capital. Some expansion will be possible by using older houses and cutting the time between batches of broilers.

Given the low returns of the early 1980's, broiler integrators will likely continue expanding operations only in line with growth in their food-processing sales.

Adjustment Likely Through End of Decade

Livestock producers' financial stress will likely persist through the end of the decade, with cash flow shortages for those producers who are highly leveraged. In addition, meat supplies will likely remain large, particularly as poultry and pork producers respond to lower real grain prices by expanding production.

Agriculture has become highly capitalized over the last 20 years, and debt financing has become more important. Equipment and machinery investment has become larger, while net returns have declined. The large debt loads have likely reduced producers' alternatives, as agriculture's financial problems have become widespread. That is, herd liquidation to raise cash may be the only option for highly leveraged operators. Until the adjustment process is over and costs of production are aligned with prices, livestock cycles will probably be unpredictable.

Prospects for the future are also somewhat clouded by the need for future investment in plant and equipment. Over the next several years, many facilities will have to be rebuilt. Whether producers will be willing or even able to bear new debt is uncertain. To a large extent, this probably depends on the financial situation of livestock operators (primarily hog and poultry producers) at the end of this decade.

The financial problems that have resulted in adjustments in the cattle and hog sector have not had the same impact on broiler integrators. The broiler sector is better able to take advantage of low feed prices. This could give them an edge in expanding production the next few years as red meat production is reduced, partially because of the financial problems facing farmers. If the broiler industry does expand, beef and pork will find stiff competition in their recovery.

Forage supplies are probably large enough to maintain a cattle inventory of 116 to 120 million head. With a larger portion of the sharply reduced inventory in feedlots, forage demand will be even further reduced.

Meat supplies are expected to remain near record levels through the end of decade, and meat prices may rise less than the general rate of inflation. Beef may continue to lose its market share on a quantity basis, and poultry will gain. The market share of pork will fluctuate cyclically, but hog cycles are expected to be less volatile than in the past.

The cattle, hog, and poultry industries are dynamic and constantly adjusting to socio-economic change. However, the 1980's have added another dimension—a deflationary environment that has resulted in the largest drop in land values since the 1930's. In addition, commodity prices have dropped sharply as supplies have reached records. The adjustment process has been, and will likely continue to be very painful for many producers. [John S. Nalivka, Leland W. Southard, and Allen J. Baker (202) 786-1830]

Statistical Indicators

Summary Data

Key statistical indicators of the food and fiber sector

	1984		1985				1986		
	IV	Annual	I	II	III F	IV F	Annual F	I F	Annual F
Prices received by farmers (1977=100)	136	142	135	129	133	134	134	--	--
Livestock & products	142	146	144	135	138	141	140	--	--
Crops	130	138	126	124	128	127	127	--	--
Prices paid by farmers, (1977=100)	152	155	154	152	151	150	152	--	--
prod. items									
Commodities & services, int., taxes, & wages	163	164	164	165	164	164	164	--	--
Cash receipts 1/ (\$ bil.)*	147	141	137	136-140	137-141	143-147	136-140	--	--
Livestock (\$ bil.)	73	73	72	67-71	67-71	69-73	67-71	--	--
Crops (\$ bil.)	74	69	66	67-71	68-72	72-76	67-71	--	--
Market basket (1967=100)									
Retail cost	279	279	284	282	283	284	283	--	--
Farm value	249	255	250	237	239	242	242	--	--
Spread	297	293	304	309	310	312	307	--	--
Farm value/retail cost (%)	33	34	33	31	32	32	32	--	--
Retail prices (1967=100)									
Food	304	303	309	309	310	312	310	--	--
At home	292	292	298	297	298	299	298	--	--
Away-from home	338	333	341	346	348	351	347	--	--
Agricultural exports (\$ bil.) 2/	10.0	38.0	8.9	6.7	7.9	9.0	33.5	--	--
Agricultural imports (\$ bil.) 2/	4.7	18.9	4.7	5.5	4.6	4.7	19.5	--	--
Livestock & products									
Total livestock & products (1974=100)	116.1	114.9	112.4	120.2	118.1	116.8	116.9	113.1	116.0
Beef (mil. lb.)	5,936	23,418	5,691	5,917	5,925	5,635	23,168	5,450	21,700
Pork (mil. lb.)	3,957	14,720	3,618	3,741	3,400	3,825	14,584	3,525	14,375
Veal (mil. lb.)	128	479	119	120	120	110	469	100	405
Lamb & mutton (mil. lb.)	93	371	93	83	79	81	336	82	315
Red meats (mil. lb.)	10,114	38,988	9,521	9,861	9,524	9,651	38,557	9,157	36,795
Broilers (mil. lb.)	3,227	12,999	3,227	3,550	3,520	3,400	13,697	3,350	14,425
Turkeys (mil. lb.)	775	2,574	482	625	810	805	2,722	510	2,900
Total meats & poultry (mil. lb.)	14,116	54,561	13,230	14,036	13,854	13,856	54,976	13,017	54,120
Eggs (mil. dz.)	1,469	5,704	1,430	1,406	1,410	1,450	5,696	1,415	5,655
Milk (bil. lb.)	32.4	135.4	33.6	37.2	35.7	34.5	141.0	35.4	142.2
Choice steers, Omaha (\$/cwt.)	63.49	65.34	62.24	57.66	53.56	60-64	58-60	62-66	63-69
Barrows & gilts, 7 markets (\$/cwt.)	47.65	48.86	47.32	43.09	42-45	41-45	43-45	46-50	47-53
Broilers-wholesale, 12-city weighted avg. dressed (cts./lb.)	49.9	55.6	51.5	51.0	47-50	46-50	48-51	48-52	47-53
Turkeys-wholesale, N.E., B-16 lb. hens, dressed (cts./lb.)	90.5	74.4	68.9	65.1	73-76	70-74	69-71	65-69	63-69
Eggs, N.Y. Gr. A large, (cts./dz.)	66.7	80.9	61.7	60.0	62-66	66-70	62-64	67-73	67-73
Milk, all at farm (\$/cwt.)	14.10	13.45	13.67	12.50	12.10-12.30	12.50-12.90	12.70-12.85	12.35-12.95	12.00-12.90
Crop prices at the farm 3/									
Wheat (\$/bu.)	3.42	3.38	3.38	3.27	--	--	3.05-3.25	--	--
Corn (\$/bu.)	2.59	2.65	2.64	2.67	--	--	2.40-2.60	--	--
Soybeans (\$/bu.)	5.97	5.85	5.84	5.73	--	--	5.15-5.50	--	--
Upland cotton (cts./lb.)	60.7	4/ 58.4	51.8	56.0	---	---	—	—	—

1/ Quarterly cash receipts are seasonally adjusted at annual rates. 2/ Annual data are based on Oct.-Sept. fiscal years ending with the indicated year. 3/ Quarterly prices are simple averages; annual prices are for marketing year beginning in year indicated. 4/ Through April 30, 1985 (weighted average). F = Forecast. Numbers may not add to totals due to rounding. *Seasonally adjusted at annual rates.

Farm Income

Farm Income statistics

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985 F
\$ Bill.											
Receipts											
Cash receipts:											
Crops 1/	45.8	49.0	48.6	53.7	63.2	71.8	72.9	72.7	66.8	68.7	67 to 71
Livestock	43.1	46.3	47.6	59.2	68.6	68.0	69.2	70.3	69.4	72.7	68 to 72
Total	88.9	95.4	96.2	112.9	131.8	139.8	142.1	142.9	136.2	141.4	137 to 141
Other cash income 2/	1.8	1.8	3.0	4.3	2.9	3.5	4.4	6.1	11.8	11.3	8 to 12
Gross cash income	90.7	97.1	99.2	117.2	134.7	143.3	146.5	149.0	148.0	152.7	147 to 152
Nonmoney income 3/	6.5	7.3	8.4	9.2	10.7	12.2	13.7	14.0	13.1	13.1	11 to 13
Realized gross income	97.2	104.4	107.6	126.4	145.4	155.5	160.2	163.0	161.1	165.8	160 to 165
Value of inventory chg	3.4	-1.5	1.1	.8	4.9	-5.7	6.3	-0.8	-9.8	7.9	-3 to 1
Total gross income	100.6	102.9	108.7	127.2	150.4	149.8	166.5	162.1	151.3	173.7	158 to 163
Expenses											
Cash expenses 4/	61.7	67.8	72.0	81.0	97.2	105.7	110.3	110.7	109.7	114.0	110 to 114
Total expenses	75.0	82.7	88.9	99.5	118.1	129.3	136.0	136.8	135.5	139.4	135 to 139
Income											
Net cash income	29.0	29.3	27.3	36.2	37.5	37.6	36.2	38.3	38.3	38.7	34 to 39
Total net farm income	25.6	20.1	19.8	27.7	32.3	20.5	30.5	25.3	17.8	34.3	22 to 27
Deflated total net farm income 5/	20.3	15.2	14.2	18.4	19.8	11.5	15.6	12.2	7.3	15.4	10 to 12
Off-farm income	23.9	26.7	26.1	29.7	33.8	35.4	37.0	38.1	39.1	40.0	39 to 43

F = Forecast. 1/ Includes net CCC loans. The 1984 and 1985 forecasts exclude forest products. 2/ Income from machine hire and custom work, farm recreational income, and direct government payments. The 1984 and 1985 forecasts include sales of forest products. 3/ Imputed gross rental value of farm dwellings and value of home consumption. 4/ Excludes depreciation of farm capital, perquisites to hired labor, and expenses associated with farm dwellings, and includes net rent to all landlords. 5/ Deflated by the GNP implicit price deflator, 1972=100. Totals may not add due to rounding.

Farm production¹

Item	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985 2/
1977=100										
Farm output	97	100	104	111	103	118	114	95	111	113
All livestock products 3/	99	100	101	104	108	109	107	109	107	108
Meat animals	100	100	100	103	107	106	101	103	101	100
Dairy products	98	100	99	101	105	108	110	114	110	115
Poultry & eggs	98	100	106	114	115	119	119	120	123	127
All crops 4/	92	100	102	113	101	116	118	88	110	112
Food grains	96	100	108	116	97	121	124	67	115	125
Hay & forage	94	100	106	108	98	106	110	101	107	106
Food grains	107	100	93	108	121	144	140	117	129	117
Sugar crops	112	100	101	94	97	107	96	96	95	97
Cotton	74	100	76	102	79	109	85	54	90	96
Tobacco	112	100	106	80	93	108	104	74	90	79
Oil crops	74	100	105	129	99	114	124	89	106	111
Cropland used for crops	98	100	97	100	101	102	101	88	99	99
Crop production per acre	94	100	105	113	100	114	117	100	111	113

1/ For historical data and indexes, see Changes in Farm Production and Efficiency USOA Statistical Bulletin 657.

2/ Preliminary indexes for 1985 based on August 1985 Crop Production report and other releases of the Crop Reporting Board, SRS. 3/ Gross livestock production includes minor livestock products not included in the separate groups shown. It cannot be added to gross crop production to compute farm output. 4/ Gross crop production includes some miscellaneous crops not in the separate groups shown. It cannot be added to gross livestock production to compute farm output.

Transportation Data

Rail rates; grain and fruit-vegetable shipments

	Annual			1984		1985					
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	
Rail freight rate index 1/											
(Dec 1984 = 100)	93.7	95.0	99.3	99.0	100.0	100.0	100.0	100.0 p	100.0 p	99.9 p	
All products	92.4	94.0	98.7	98.2	100.0	100.1	99.5	99.5 p	99.9 p	98.5 p	
Farm products	93.4	94.0	98.6	98.0	100.2	100.0	99.3	99.3 p	99.3 p	97.5 p	
Grain	93.7	94.8	99.1	98.8	100.0	100.0	100.0	100.0 p	100.1 p	100.1 p	
Food products											
Grain											
Rail carloadings (thou. cars) 2/	24.9	26.1	27.3	24.3	24.9	23.9	23.4	19.9	17.2	23.2	
Barge shipments (mil. bu.) 3/	41.2	40.8	37.2	36.3	32.9	30.0	34.2	34.4	25.4	26.0	
Fresh fruit & vegetable shipments											
Piggy back (thou. cwt.) 3/ 4/	387	545	568	781	480	519	602	641	852	764	
Rail (thou. cwt.) 3/ 4/	698	786	641	962	570	565	631	444	553	897	
Truck (thou. cwt.) 3/ 4/	7,849	7,786	7,861	10,586	6,918	6,786	7,334	8,584	10,023	10,419	

1/ Department of Labor, Bureau of Labor Statistics, revised March 1985. 2/ Weekly average; from Association of American Railroads. 3/ Weekly average; from Agricultural Marketing Service, USDA. 4/ Preliminary data for 1985. p = preliminary.

Farm Prices: Received and Paid

Indexes of prices received and paid by farmers, U.S. average

	Annual			1984		1985					
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July	p
1977=100											
Prices received											
All farm products	133	134	142	145	135	134	131	129	128	127	
All crops	121	127	138	144	125	127	125	124	122	122	
Food grains	146	148	143	136	139	140	142	136	129	123	
Feed grains & hay	120	143	146	153	129	130	132	133	130	127	
Feed grains	120	146	148	157	129	131	133	132	130	128	
Cotton	92	104	108	109	81	90	92	90	95	93	
Tobacco	153	155	153	148	158	159	157	157	157	157	
Oil-bearing crops	88	102	109	109	88	90	90	88	87	85	
Fruit	175	122	197	233	188	175	172	180	185	178	
Fresh market 1/	186	123	214	259	202	185	182	193	198	190	
Commercial vegetables	126	130	135	123	137	153	122	113	100	134	
Fresh market	120	129	133	116	137	158	118	106	89	133	
Potatoes 2/	125	123	157	220	133	139	146	154	168	157	
Livestock & products	145	141	146	145	145	141	136	134	134	132	
Meat animals	150	147	151	155	154	148	144	143	142	139	
Dairy products	140	140	159	134	141	137	133	129	125	125	
Poultry & eggs	110	118	135	128	113	116	110	107	114	114	
Prices paid											
Commodities & services,											
Interest, taxes, & wage rates	157	160	164	164	164	164	165	165	164	164	
Production items	150	153	155	155	154	153	153	152	151	150	
Feed	122	134	135	137	122	121	120	119	117	116	
Feeder livestock	164	160	154	150	165	164	162	158	155	147	
Seed	141	141	151	153	156	156	150	150	150	150	
Fertilizer	144	137	143	147	139	137	137	135	135	135	
Agricultural chemicals	119	125	128	129	129	128	126	128	128	128	
Fuels & energy	210	202	201	201	192	195	201	203	204	204	
Farm & motor supplies	152	152	147	147	147	147	147	147	147	146	
Autos & trucks	159	170	182	182	189	189	189	194	194	194	
Tractors & self-propelled machinery	165	174	181	182	182	180	180	180	177	177	
Other machinery	160	171	180	182	183	182	182	184	184	184	
Building & fencing	135	138	138	137	136	136	136	136	136	136	
Farm services & cash rent	145	146	148	148	152	152	152	152	152	152	
Interest payable per acre on farm real estate debt	241	250	251	251	250	250	250	250	250	250	
Taxes payable per acre on farm real estate	124	129	132	132	135	135	135	135	135	135	
Wage rates (seasonally adjusted)	144	148	150	150	150	150	158	158	158	158	
Production items, interest, taxes, & wage rates	155	159	161	161	160	160	160	159	159	158	
Prices received (1910-14=100)	609	614	649	661	617	611	598	590	585	581	
Prices paid, etc. (Parity index) (1910-14=100)	1,078	1,104	1,127	1,129	1,130	1,130	1,133	1,133	1,129	1,125	
Parity ratio 3/	57	56	58	59	55	54	53	52	52	52	

1/ Fresh market for noncitrus and fresh market and processing for citrus. 2/ Includes sweetpotatoes and dry edible beans. 3/ Ratio of index of prices received to index of prices paid, taxes, and wage rates. (1910-14=100). p = preliminary.

Prices received by farmers, U.S. average

	Annual*			1984		1985				
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July p
Crops										
All wheat (\$/bu.)	3.52	3.58	3.46	3.28	3.38	3.38	3.43	3.29	3.09	2.95
Rice, rough (\$/cwt.)	8.36	8.31	8.32	8.18	7.72	8.17	8.20	7.91	7.83	7.60
Corn (\$/bu.)	2.37	2.99	3.05	3.30	2.62	2.66	2.70	2.67	2.63	2.63
Sorghum (\$/cwt.)	4.00	4.89	4.60	4.64	4.10	4.23	4.46	4.55	4.53	4.37
All hay, baled (\$/ton)	69.17	73.66	76.08	72.60	75.40	72.50	73.40	78.90	71.80	68.80
Soybeans (\$/bu.)	5.78	6.73	7.02	6.95	5.75	5.88	5.87	5.70	5.62	5.52
Cotton, Upland (cts./lb.)	55.5	62.9	65.5	65.9	48.9	54.5	55.9	54.7	57.5	56.4
Potatoes (\$/cwt.)	5.10	4.97	6.45	9.81	5.18	5.48	5.79	6.18	6.94	6.44
Dry edible beans (\$/cwt.)	16.82	18.22	20.43	21.60	19.20	19.10	19.80	19.80	19.20	19.40
Apples for fresh use (cts./lb.)	15.3	13.2	16.7	18.6	14.5	15.0	14.9	13.6	12.3	17.5
Pears for fresh use (\$/ton)	300	280	218	—	376	381	437	518	—	—
Oranges, all uses (\$/box) 1/	6.61	3.36	9.01	12.74	8.01	7.12	7.06	8.06	7.78	5.72
Grapefruit, all uses (\$/box) 1/	2.06	1.99	3.05	1.18	3.48	2.88	3.39	2.86	4.19	5.86
Livestock										
Beef cattle (\$/cwt.)	57.00	55.83	57.56	57.60	58.50	57.30	56.20	55.30	53.60	51.20
Calves (\$/cwt.)	60.18	62.13	60.23	59.10	65.40	65.90	65.40	65.60	62.60	60.70
Hogs (\$/cwt.)	53.99	46.23	47.61	52.00	48.30	43.60	41.20	41.40	44.60	46.80
Lambs (\$/cwt.)	54.55	55.47	60.33	58.60	66.70	68.00	68.40	72.40	69.70	70.50
All milk, sold to plants (\$/cwt.)	13.59	13.57	13.45	13.00	13.70	13.30	12.90	12.50	12.10	12.10
Milk, manuf. grade (\$/cwt.)	12.66	12.63	12.54	12.10	12.60	12.30	11.90	11.60	11.30	11.10
Broilers (cts./lb.)	26.8	28.5	33.7	34.7	30.5	30.1	28.8	29.1	31.1	30.6
Eggs (cts./doz.) 2/	58.5	63.1	70.2	60.2	52.8	57.6	53.0	50.0	53.2	52.8
Turkeys (cts./lb.)	37.5	36.5	46.6	43.7	41.6	40.7	40.3	39.4	41.4	44.6
Wool (cts./lb.) 3/	68.0	61.5	76.5	82.3	65.3	72.2	74.8	74.6	72.5	67.9

1/ Equivalent on-tree returns. 2/ Average of all eggs sold by producers including hatching eggs and eggs sold at retail.

3/ Average local market price, excluding incentive payments. *Calendar year averages. p = preliminary.

Producer and Consumer Prices

Consumer Price Index for all urban consumers, U.S. average (not seasonally adjusted)

	Annual			1984				1985			
	1984	June	Nov	Dec	Jan	Feb	Mar	Apr	May	June	
1967=100											
Consumer price index, all items	311.1	310.7	315.3	315.5	316.1	317.4	318.8	320.1	321.3	322.3	
Consumer price index, less food	311.3	312.0	316.2	316.2	316.3	317.4	319.1	320.8	322.4	323.6	
All food	302.9	302.0	304.1	305.1	307.3	309.5	309.7	309.6	308.9	309.3	
Food away from home	333.4	333.1	337.7	339.2	339.9	341.4	342.6	343.9	345.1	346.9	
Food at home	292.6	291.4	292.4	293.2	296.1	298.6	298.4	297.7	296.2	296.0	
Meats 1/	268.1	266.8	266.1	269.6	270.8	270.6	269.5	266.4	263.4	263.0	
Beef & veal	275.6	274.2	271.9	276.2	276.4	275.6	275.3	273.7	269.0	267.4	
Pork	252.5	250.5	251.2	254.6	258.5	258.9	256.5	249.0	247.8	248.6	
Poultry	218.5	219.6	213.1	213.8	217.4	219.5	217.3	216.7	213.6	216.0	
Fish	386.8	382.3	389.2	392.2	406.1	401.4	403.3	402.8	395.8	397.2	
Eggs	209.0	185.8	175.6	185.7	161.3	169.7	172.1	169.9	159.9	158.3	
Dairy products 2/	253.2	251.7	257.2	258.4	258.8	259.2	258.9	258.3	258.4	257.8	
Fats & oils 3/	288.0	285.4	293.0	293.7	295.9	295.1	294.9	294.0	294.0	296.0	
Fruits & vegetables	317.4	318.1	314.8	309.7	320.8	333.0	332.1	333.2	330.3	329.0	
Fresh	330.3	329.7	323.4	312.6	332.7	354.1	352.1	353.5	346.9	343.9	
Processed	306.1	308.0	308.0	309.3	310.6	312.7	313.0	313.8	315.0	315.5	
Cereals & bakery products	305.3	304.9	309.0	310.7	312.4	313.7	314.4	314.8	315.9	317.3	
Sugar & sweets	389.1	391.2	390.9	391.7	394.5	394.8	394.8	396.1	397.6	398.3	
Beverages, nonalcoholic	443.0	442.3	445.5	443.4	449.4	452.7	454.0	454.0	454.1	451.5	
Apparel commodities less footwear	183.2	179.8	188.3	185.9	181.9	183.7	187.6	188.2	187.3	186.3	
Footwear	209.5	209.6	212.9	211.4	208.6	210.1	213.1	213.2	213.2	213.9	
Tobacco products	310.0	308.1	314.7	314.6	321.0	323.2	323.7	324.0	324.1	324.8	
Beverages, alcoholic	222.1	222.4	223.8	223.9	224.3	225.8	226.5	226.7	227.7	227.8	

1/ Beef, veal, lamb, pork, and processed meat. 2/ Includes butter. 3/ Excludes butter.

Producer price indexes, U.S. average (not seasonally adjusted)

	Annual			1984			1985					
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June		
1967=100												
Finished goods 1/	280.7	285.2	291.1	290.9	292.3	292.6	292.4	293.1	294.2	294.0		
Consumer foods	259.3	261.8	273.3	270.8	273.7	275.6	274.2	272.4	269.7	268.5		
Fresh fruit	236.9	251.2	252.8	261.1	255.5	285.1	248.7	258.1	244.3	242.1		
Fresh & dried vegetables	246.5	248.9	278.3	262.5	242.3	272.8	282.7	274.9	237.9	245.3		
Eggs	178.7	n.a.	210.8	177.9	141.9	161.5	167.6	175.1	150.2	147.7		
Bakery products	275.4	285.7	299.0	298.8	307.3	308.9	309.1	308.9	309.6	311.4		
Meats	250.6	236.7	236.7	233.5	236.7	234.5	230.2	222.7	222.2	224.2		
Beef & veal	245.0	236.7	236.9	231.5	233.9	234.9	227.8	220.1	217.3	218.9		
Pork	251.1	227.6	226.2	224.9	230.9	220.6	218.2	208.0	211.6	216.1		
Poultry	178.7	185.0	206.1	200.5	198.8	196.1	193.3	187.7	189.7	196.5		
Fish	422.4	448.2	485.3	433.0	541.2	527.7	527.4	537.6	533.9	437.3		
Dairy products	248.9	250.6	251.7	249.6	255.3	254.1	253.4	251.4	250.1	249.4		
Processed fruits & vegetables	274.5	277.4	294.3	298.2	296.6	295.4	300.2	298.7	297.7	300.7		
Shortening & cooking oils	234.4	256.1	311.5	329.7	301.0	303.9	307.3	310.3	310.5	307.6		
Consumer finished goods less foods	287.8	291.4	294.1	294.9	294.8	293.5	293.7	295.8	299.1	299.0		
Beverages, alcoholic	197.8	205.0	209.9	209.9	210.1	210.1	210.5	210.3	213.6	211.4		
Soft drinks	319.1	327.4	340.5	339.4	345.0	350.3	348.6	347.4	346.1	342.4		
Apparel	194.4	197.4	201.1	200.8	202.7	203.2	203.2	203.6	203.6	203.8		
Footwear	245.0	250.1	251.2	250.5	252.4	256.6	255.5	255.3	253.9	257.5		
Tobacco products	323.2	365.4	399.5	400.2	423.8	420.4	420.6	420.7	420.7	420.7		
Intermediate materials 2/	310.4	312.3	320.0	321.6	319.6	318.7	318.6	319.4	319.9	320.2		
Materials for food manufacturing	255.1	258.4	271.1	275.2	265.2	265.3	263.5	263.3	261.3	262.1		
Flour	183.4	186.4	185.2	190.5	185.6	186.9	186.0	189.8	184.3	182.3		
Refined sugar 3/	161.3	172.0	173.5	174.8	168.2	165.1	165.6	165.2	166.1	166.4		
Crude vegetable oils	160.1	193.8	262.1	303.1	223.9	235.9	246.0	276.6	255.8	266.4		
Crude materials 4/	319.5	323.6	330.8	333.0	318.9	318.1	312.9	311.3	310.0	305.5		
Foodstuffs & feedstuffs	247.8	252.2	259.5	260.3	250.7	250.0	243.6	240.5	237.0	234.0		
Fruits & vegetables 5/	253.7	262.1	278.1	273.7	258.6	289.2	277.7	277.8	250.9	254.0		
Grains	210.9	240.4	239.7	257.8	217.5	217.2	216.1	220.6	214.1	212.7		
Livestock	257.8	243.1	251.8	250.0	247.4	249.7	236.6	231.3	227.7	226.7		
Poultry, live	191.9	206.5	240.6	227.7	232.7	222.4	215.5	202.3	214.6	223.6		
Fibers, plant & animal	202.9	227.0	228.4	252.7	204.5	200.6	200.4	211.3	202.8	199.1		
Milk	282.5	282.0	278.3	271.8	284.6	281.0	278.4	271.1	264.9	259.6		
Oilseeds	214.5	245.3	253.3	281.9	214.9	211.7	213.0	219.4	214.7	211.4		
Coffee, green	311.5	300.1	308.0	310.2	310.2	310.2	310.2	310.2	310.2	310.2		
Tobacco, leaf	269.9	274.2	272.7	261.0	284.5	258.5	280.0	279.1	276.4	276.4		
Sugar, raw cane	278.5	315.9	312.0	315.5	297.7	293.6	298.0	298.5	301.9	305.2		
All commodities	299.3	303.1	310.3	311.3	309.7	309.1	308.7	309.3	309.9	309.5		
Industrial commodities	312.3	315.7	322.6	323.8	323.1	322.2	322.6	323.8	325.3	325.2		
All foods 6/	254.4	257.5	269.2	267.5	267.8	269.6	268.4	267.1	264.3	262.6		
Farm products &												
Processed foods & feeds	248.9	253.9	262.4	262.8	257.6	258.0	255.0	253.3	250.6	249.1		
Farm products	242.4	248.2	255.8	257.1	243.2	245.3	238.7	236.9	230.4	229.4		
Processed foods & feeds	251.5	255.9	265.0	264.8	264.4	263.9	262.9	261.2	260.6	258.8		
Cereal & bakery products	253.8	261.0	270.5	271.4	276.6	277.7	277.8	278.2	277.6	278.7		
Sugar & confectionery	269.7	292.8	301.2	304.1	293.5	291.1	291.6	292.8	293.6	294.7		
Beverages	256.9	263.6	273.1	272.8	275.9	277.5	277.6	277.2	277.9	274.4		

1/ Commodities ready for sale to ultimate consumer. 2/ Commodities requiring further processing to become finished goods. 3/ All types and sizes of refined sugar. 4/ Products entering market for the first time which have not been manufactured at that point. 5/ Fresh and dried. 6/ Includes all raw, intermediate, and processed foods (excludes soft drinks, alcoholic beverages, and manufactured animal feeds). n.a. = not available.

Farm-Retail Price Spreads

Market basket of farm foods

	Annual			1984		1985				
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June
Market basket 1/										
Retail cost (1967=100)	266.4	268.7	279.3	269.6	282.1	284.8	284.2	283.3	281.9	281.8
Farm value (1967=100)	247.8	242.3	255.7	243.6	250.5	250.5	248.2	239.5	234.1	237.1
Farm-retail spread (1967=100)	277.4	284.3	293.1	284.9	300.7	305.0	305.2	309.1	310.1	307.8
Farm value/retail cost (%)	34.4	33.4	33.9	33.5	32.9	32.6	32.4	31.3	30.7	31.2
Meat products										
Retail cost (1967=100)	270.3	267.2	268.1	266.8	270.8	270.6	269.5	266.4	263.4	263.0
Farm value (1967=100)	251.3	235.8	241.6	237.5	242.9	242.0	234.2	220.6	215.1	220.2
Farm-retail spread (1967=100)	292.4	304.0	299.0	301.2	303.4	304.1	310.8	320.0	319.9	313.1
Farm value/retail cost (%)	50.2	47.6	48.6	48.0	48.4	48.2	46.9	44.7	44.1	45.2
Dairy products										
Retail cost (1967=100)	247.0	250.0	253.2	251.7	258.8	259.2	258.9	258.3	258.4	257.8
Farm value (1967=100)	261.9	262.1	259.0	253.8	265.8	261.0	257.6	254.0	248.2	249.0
Farm-retail spread (1967=100)	233.9	239.3	248.0	249.8	252.7	257.6	260.0	262.1	267.4	265.5
Farm value/retail cost (%)	49.6	49.0	47.8	47.2	48.0	47.1	46.5	46.0	44.9	45.2
Poultry										
Retail cost (1967=100)	194.9	197.5	218.5	219.6	217.4	219.5	217.3	216.7	213.6	216.0
Farm value (1967=100)	201.9	213.0	251.7	244.3	245.1	228.2	224.7	216.9	217.3	231.4
Farm-retail spread (1967=100)	188.1	182.4	186.4	195.7	190.5	211.1	210.2	216.5	210.0	201.1
Farm value/retail cost (%)	50.7	53.1	56.6	54.7	55.5	51.1	50.8	49.2	50.0	52.7
Eggs										
Retail cost (1967=100)	178.7	187.1	209.0	185.8	161.3	169.7	172.1	169.9	159.9	158.3
Farm value (1967=100)	189.8	206.1	229.6	192.8	153.7	159.8	180.6	161.6	149.4	163.2
Farm-retail spread (1967=100)	162.7	159.5	179.2	175.7	172.2	184.0	159.8	181.9	175.0	151.2
Farm value/retail cost (%)	62.8	65.1	64.9	61.3	56.3	55.7	62.0	56.2	55.2	60.9
Cereal & bakery products										
Retail cost (1967=100)	283.4	292.5	305.3	304.9	312.4	313.7	314.4	314.8	315.9	317.3
Farm value (1967=100)	178.8	186.6	191.9	199.4	184.3	183.8	188.1	188.2	182.1	177.5
Farm-retail spread (1967=100)	305.1	314.0	328.8	326.7	338.9	340.6	340.5	341.0	343.6	346.2
Farm value/retail cost (%)	10.8	11.1	10.8	11.2	10.1	10.0	10.3	10.2	9.9	9.6
Fresh fruits										
Retail cost (1967=100)	323.2	303.6	345.3	358.9	361.5	382.9	381.2	383.1	404.4	401.7
Farm value (1967=100)	288.8	220.6	315.1	342.9	291.7	338.7	293.6	275.2	275.7	285.3
Farm-retail spread (1967=100)	338.7	340.8	358.9	366.1	392.8	402.7	420.5	431.6	462.9	454.0
Farm value/retail cost (%)	27.7	22.5	28.3	29.6	25.0	27.4	23.9	22.3	21.1	22.0
Fresh vegetables										
Retail costs (1967=100)	288.9	299.3	331.8	317.1	324.5	346.3	342.0	340.8	314.3	309.5
Farm value (1967=100)	261.3	267.4	299.3	289.8	250.7	256.6	305.5	291.8	249.1	240.6
Farm-retail spread (1967=100)	301.8	314.3	347.1	329.9	359.2	389.4	359.2	363.8	344.9	341.9
Farm value/retail cost (%)	28.9	28.6	28.9	29.2	24.7	23.5	28.6	27.4	25.3	24.9
Processed fruits & vegetables										
Retail cost (1967=100)	286.0	288.8	306.1	308.0	310.6	312.7	313.0	313.8	315.0	315.5
Farm value (1967=100)	321.1	300.5	343.2	341.8	364.3	369.4	373.8	375.4	377.1	376.8
Farm-retail spread (1967=100)	278.2	286.2	297.8	300.5	298.7	300.1	299.5	300.2	301.3	301.9
Farm value/retail costs (%)	20.4	18.9	20.3	20.1	21.3	21.4	21.6	21.7	22.0	21.6
Fats & oils										
Retail cost (1967=100)	259.9	263.1	288.0	285.4	295.7	295.1	294.9	294.0	294.0	296.0
Farm value (1967=100)	207.8	251.0	324.5	380.2	281.0	302.8	313.3	323.4	322.1	323.2
Farm-retail spread (1967=100)	279.9	267.8	273.9	248.9	301.4	292.1	287.8	282.7	283.2	285.5
Farm value/retail cost (%)	22.2	26.5	31.3	37.0	26.4	28.5	29.5	30.6	30.5	30.3

1/ Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods.

Note: Annual historical data on farm-retail price spreads may be found in Food Consumption, Prices and Expenditure, Statistical Bulletin 713, ERS, USDA.

Farm retail price spreads

	Annual			1984		1985				
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June
Beef, Choice										
Retail price 1/ (cts./lb.)	242.5	238.1	239.6	239.7	239.7	238.7	238.6	236.8	234.4	232.0
Net carcass value 2/ (cts.)	150.7	145.4	147.6	144.4	147.0	144.3	137.0	132.9	133.0	131.2
Net farm value 3/ (cts.)	140.5	136.2	140.0	136.7	139.8	137.2	129.7	127.0	125.4	122.9
Farm-retail spread (cts.)	102.0	101.9	99.6	103.0	99.9	101.5	108.9	109.8	109.0	109.1
Carcass-retail spread 4/ (cts.)	91.8	92.7	92.0	95.3	92.7	94.4	101.6	103.9	101.4	100.8
Farm-carcass spread 5/ (cts.)	10.2	9.2	7.6	7.7	7.2	7.1	7.3	5.9	7.6	8.3
Farm value/retail price (%)	58	57	58	57	58	57	54	54	53	53
Pork										
Retail price 1/ (cts./lb.)	175.4	169.8	162.0	159.9	166.0	165.6	164.7	159.3	158.7	157.9
Wholesale value 2/ (cts.)	121.8	108.9	110.1	110.8	110.0	106.9	102.0	97.2	99.6	106.3
Net farm value 3/ (cts.)	88.0	76.5	77.4	80.0	78.0	77.5	69.6	65.8	67.8	73.6
Farm-retail spread (cts.)	87.4	93.3	84.6	79.9	88.0	88.1	95.1	93.5	90.9	84.3
Wholesale-retail spread 4/ (cts.)	53.6	60.9	51.9	49.1	56.0	58.7	62.7	62.1	59.1	51.6
Farm-wholesale spread 5/ (cts.)	33.8	32.4	32.7	30.8	32.0	39.4	32.4	31.4	31.8	32.7
Farm value/retail price (%)	50	45	48	50	47	47	42	41	43	47

1/ Estimated weighted average price of retail cuts from pork and yield grade 3 beef carcasses. Retail prices from BLS.

2/ Value of carcass quantity equivalent to 1 lb. of retail cuts; beef adjusted for value of fat and bone byproducts.

3/ Market value to producer for quantity of live animal equivalent to 1 lb. retail cuts minus value of byproducts.

4/ Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation.

5/ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Price indexes of food marketing costs¹

	Annual			1984				1985		
	1982	1983	1984	I	II	III	IV	I	II p	
1967=100										
Labor-hourly earnings and benefits										
Processing	342.7	354.7	368.1	365.8	368.1	367.3	371.3	370.0	366.7	
Wholesaling	330.0	340.9	352.0	350.7	352.5	350.6	354.1	356.3	358.5	
Retailing	334.7	350.6	374.9	368.0	374.4	376.9	380.2	383.9	387.0	
Packaging & containers	358.9	370.4	381.3	379.9	380.8	379.8	384.6	377.6	366.0	
Paperboard boxes & containers	275.2	280.7	307.6	301.1	306.3	308.2	314.8	314.4	312.9	
Metal cans	254.9	251.0	281.1	269.9	278.0	284.1	292.5	286.2	280.8	
Paper bags & related products	363.6	374.3	397.3	394.6	396.2	391.2	407.4	413.7	414.3	
Plastic films & bottles	264.4	265.4	280.9	273.6	280.0	282.8	287.3	290.7	289.3	
Glass containers	200.0	226.2	272.1	272.1	272.1	272.1	272.1	272.1	272.1	
Metal foil	355.5	352.4	360.8	350.9	362.0	365.7	364.6	366.3	372.7	
Transportation services	213.2	214.0	226.9	223.7	227.8	230.0	226.1	216.6	218.2	
Advertising	371.0	374.5	391.7	390.5	390.5	391.9	394.1	394.0	393.9	
Fuel & power	260.1	280.2	300.3	294.8	299.5	302.3	304.7	314.6	317.0	
Electric	705.1	705.1	712.5	710.9	711.6	718.5	709.0	695.2	706.0	
Petroleum	406.0	417.9	440.0	423.8	437.0	455.7	443.5	446.7	452.7	
Natural gas	1,012.4	895.9	880.1	915.7	884.0	863.3	857.5	818.6	832.9	
Communications, water & sewage	990.3	1,155.0	1,162.9	1,137.3	1,159.4	1,181.9	1,173.0	1,155.0	1,173.3	
Rent	186.7	199.6	215.5	212.4	214.1	216.6	219.1	219.7	222.4	
Maintenance & repair	325.1	338.2	350.3	346.3	348.5	352.1	354.5	357.9	358.4	
Business services	277.2	291.9	306.1	299.8	304.4	308.4	311.7	315.8	317.9	
Supplies	289.1	286.5	288.5	287.4	289.1	289.0	288.3	287.9	287.5	
Property taxes & insurance	309.9	327.5	343.7	337.9	343.0	345.2	348.9	353.8	358.1	
Interest, short-term	232.6	174.0	198.8	184.9	210.8	218.1	181.1	170.1	154.8	
Total marketing cost index	333.9	342.4	358.1	354.6	357.6	358.8	361.5	361.1	360.1	

1/ Indexes measure changes in employee wages and benefits and in prices of supplies and services used in processing, wholesaling, and retailing U.S. farm foods purchased for at-home consumption. p = preliminary.

Note: Annual historical data on food marketing cost indexes may be found in Food Consumption, Prices, and Expenditures, Statistical Bulletin 713, ERS, USDA.

Livestock and Products

Poultry and eggs

	Annual			1984		1985					
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	
Broilers											
Federally inspected slaughter, certified (mil. lb.)	12,039	12,389	12,999	1,113.5	1,154.9	991.3	1,082.6	1,196.6	1,213.3	1,089.3	
Wholesale price, 9-city, (cts./lb.) 1/	44.0	49.4	55.6	55.5	52.8	51.9	49.7	47.8	50.9	53.4	
Price of grower feed (\$/ton)	210	223	233	243	219	215	214	207	199	196	
Broiler-feed price ratio (lb.) 2/	2.6	2.6	2.8	2.7	2.8	2.8	2.8	2.8	2.9	3.1	
Stocks beginning of period (mil. lb.)	32.6	22.3	21.2	21.7	19.7	21.7	22.9	24.1	26.2	27.4	
Avg. weekly placements of broiler chicks, 19 States (mil.)	80.2	80.4	83.1	87.4	85.5	86.0	89.1	90.3	90.3	90.2	
Turkeys											
Federally inspected slaughter, certified (mil. lb.)	2,459	2,563	2,574	223.6	157.8	147.8	176.3	177.1	211.9	235.4	
Wholesale price, New York, 8-16 lb. young hens (cts./lb.)	60.8	60.5	74.4	67.0	74.0	65.6	67.0	64.6	62.6	68.1	
Price of turkey grower feed (\$/ton)	229	247	245	254	216	216	220	214	212	211	
Turkey-feed price ratio (lb.) 2/	3.3	3.0	3.8	3.3	4.8	3.9	3.7	3.8	3.7	3.9	
Stocks beginning of period (mil. lb.)	238.4	203.9	161.8	180.9	125.3	124.1	131.5	131.1	157.0	181.7	
Poults placed in U.S. (mil.)	(4/)	181.8	190.0	20.4	15.5	16.3	18.6	20.5	21.9	20.1	
Eggs											
Farm production (mil.)	69,680	68,169	68,193	5,522	5,950	5,292	5,919	5,668	5,721	5,481	
Average number of layers (mil.)	286	276	278	276	284	280	277	274	271	269	
Rate of lay (eggs per layer on farms)	243	247	245	20.0	20.9	18.9	21.4	20.7	21.1	20.3	
Cartoned price, New York, grade A large (cts./doz.) 3/	70.1	75.2	80.9	70.7	61.5	58.1	65.5	59.9	55.7	64.4	
Price of laying feed (\$/ton)	190	204	206	212	189	189	186	186	183	182	
Egg-feed price ratio (lb.) 2/	6.1	6.2	6.8	5.8	5.5	5.6	6.2	5.7	5.5	5.8	
Stocks, first of month											
Shell (thou. cases)	34	34	13	41	31	30	29	23	26	30	
Frozen (mil. lb.)	23.7	25.4	11.8	12.8	13.4	14.9	13.9	13.5	13.2	15.1	
Replacement chicks hatched (mil.)	444	407	459	46.5	28.3	28.5	37.0	41.1	39.1	34.0	

1/ 12-city composite weighted average beginning April 25, 1983. 2/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 3/ Price of cartoned eggs to volume buyers for delivery to retailers. 4/ Not reported.

Wool

	Annual			1984		1985					
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	
U.S. wool price,											
Boston 1/ (cts./lb.)	247	212	229	230	205	195	185	182	191	193	
Imported wool price, Boston 2/ (cts./lb.)	262	248	241	243	226	210	200	183	190	190	
U.S. mill consumption, scoured											
Apparel wool (thou. lb.)	105,857	126,729	128,982	13,027	9,264	8,281	9,825	8,765	9,284	10,667	
Carpet wool (thou. lb.)	9,825	13,851	13,088	1,315	1,323	1,205	1,462	977	963	764	

1/ Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2-3/4" and up.

2/ Wool price delivered at U.S. mills, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents.

Dairy

	Annual			1984			1985				
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	
Milk prices, Minnesota-Wisconsin, 3.5% fat (\$/cwt.) 1/	12.49	12.49	12.29	12.09	12.40	12.21	11.95	11.62	11.46	11.20	
Price of 16% dairy ration (\$/ton)	177	188	191	195	177	174	172	171	170	168	
Milk-feed price ratio (lb.) 2/	1.54	1.45	1.42	1.33	1.58	1.57	1.55	1.51	1.47	1.44	
Wholesale prices											
Butter, Grade A Ch1. (cts./lb.)	147.7	147.3	148.8	150.0	141.5	141.2	141.2	141.9	141.9	141.9	
Am. cheese, Wis.											
assembly pt. (cts./lb.)	138.3	138.3	138.0	136.0	136.5	134.3	132.0	129.9	128.0	126.7	
Nonfat dry milk, (cts./lb.) 3/	93.2	93.2	90.9	90.7	91.0	90.6	89.7	84.5	84.5	83.3	
USDA net removals											
Total milk equiv. (mil. lb.) 4/	14,281.6	16,813.7	8,644.7	720.1	1,374.8	1,383.9	1,354.3	1,496.4	1,451.2	1,289.6	
Butter (mil. lb.)	382.0	413.2	202.6	4.8	50.0	44.6	34.2	36.6	42.1	29.2	
Am. cheese (mil. lb.)	642.5	632.8	447.3	62.8	34.6	46.1	65.1	74.4	58.3	69.1	
Nonfat dry milk (mil. lb.)	948.1	1,061.0	678.4	72.3	58.8	54.9	63.9	86.8	94.5	109.3	
Milk											
Total milk production (mil. lb.)	135,505	139,672	135,444	11,720	11,209	10,566	11,857	12,007	12,790	12,434	
Milk per cow (lb.)	12,306	12,585	12,495	1,085	1,038	977	1,094	1,101	1,164	1,128	
Number of milk cows (thou.)	11,011	11,098	10,840	10,801	10,801	10,811	10,839	10,903	10,984	11,025	
Stocks, beginning 4/											
Total (mil. lb.)	18,377	20,054	22,646	23,772	16,429	15,812	15,667	15,510	15,023	15,480	
Commercial (mil. lb.)	5,398	4,603	5,234	5,557	4,937	5,119	5,101	4,970	4,977	5,323	
Government (mil. lb.)	12,980	15,451	17,412	18,214	11,492	10,693	10,566	10,540	10,046	10,157	
Imports, total (mil. lb.) 4/	2,477	2,616	2,741	167	213	249	180	186	177	n.a.	
Commercial disappearance milk equiv. (mil. lb.)	122,135	122,474	126,763	10,862	9,595	9,204	10,543	10,468	10,972	n.a.	
Butter											
Production (mil. lb.)	1,257.0	1,299.2	1,103.3	81.8	118.4	107.5	107.1	110.8	112.9	97.3	
Stocks, beginning (mil. lb.)	429.2	466.8	499.4	538.5	296.6	277.3	289.4	291.7	272.7	283.2	
Commercial disappearance (mil. lb.)	897.3	881.7	902.3	80.7	69.7	60.5	75.5	70.7	65.4	n.a.	
American cheese											
Production (mil. lb.)	2,752.3	2,927.7	2,648.2	249.9	223.1	201.7	230.9	251.2	271.5	265.5	
Stocks, beginning (mil. lb.)	889.1	981.4	1,161.5	1,186.8	960.5	936.1	897.7	874.0	857.2	878.0	
Commercial disappearance (mil. lb.)	2,166.8	2,083.3	2,253.6	179.3	174.6	163.0	177.6	192.1	193.7	n.a.	
Other cheese											
Production (mil. lb.)	1,789.4	1,891.8	2,025.5	165.4	167.5	153.6	180.7	172.6	179.7	175.8	
Stocks, beginning (mil. lb.)	86.6	82.8	104.9	104.6	101.4	103.2	100.4	101.3	106.8	108.0	
Commercial disappearance (mil. lb.)	2,044.6	2,134.3	2,310.9	184.5	181.4	178.4	198.7	185.6	198.8	n.a.	
Nonfat dry milk											
Production (mil. lb.)	1,400.5	1,499.9	1,158.9	116.2	88.4	91.1	104.6	126.0	139.9	143.2	
Stocks, beginning (mil. lb.)	889.7	1,282.0	1,394.9	1,420.7	1,231.7	1,150.3	1,119.8	1,095.1	1,075.0	1,084.8	
Commercial disappearance (mil. lb.)	447.7	459.9	496.0	44.2	35.5	34.9	34.3	33.6	36.3	n.a.	
Frozen dessert production (mil. gal.) 5/	1,178.2	1,224.2	1,230.4	129.8	79.5	80.7	100.5	107.0	122.2	125.3	

1/ Manufacturing grade milk. 2/ Pounds of 16% protein ration equal in value to 1 pound of milk. 3/ Prices paid f.o.b. Central States production area, high heat spray process. 4/ Milk-equivalent, fat-basis. 5/ Ice cream, ice milk, and sherbet. n.a. = not available.

Meat animals

	Annual			1984				1985			
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	
Cattle on feed (7-States)											
Number on feed (thou. head) 1/	7,201	8,316	8,006	7,318	8,617	8,169	7,877	7,814	7,495	7,444	
Placed on feed (thou. head)	20,261	19,727	20,772	1,445	1,452	1,342	1,594	1,417	1,666	1,267	
Marketings (thou. head)	18,007	18,680	18,785	1,544	1,782	1,540	1,559	1,603	1,589	1,572	
Other disappearance (thou. head)	1,139	1,354	1,376	94	118	94	98	133	128	87	
Beef steer-corn price ratio, Omaha (bu.) 2/	26.5	20.6	21.6	19.1	24.8	24.1	22.2	21.5	21.5	21.0	
Hog-corn price ratio, Omaha (bu.) 2/	22.9	15.9	16.1	14.8	18.8	18.7	16.4	15.2	15.7	16.9	
Market prices (\$ per cwt.)											
Slaughter cattle:											
Choice steers, Omaha	64.22	62.37	65.34	64.28	64.35	62.80	59.58	58.72	58.58	56.69	
Utility cows, Omaha	39.96	39.35	39.81	42.16	39.09	42.79	43.16	42.30	41.97	39.38	
Choice veal, S. St. Paul	77.70	72.97	63.95	75.47	52.00	62.19	60.00	60.00	60.00	63.44	
Feeder cattle:											
Choice, Kansas City, 600-700 lb.	64.82	63.70	65.28	62.70	68.42	69.08	67.40	68.60	67.04	65.40	
Slaughter hogs:											
Barrows & gilts, 7-markets	55.44	47.71	48.86	50.36	49.06	48.98	43.93	41.41	42.17	45.68	
Feeder pigs:											
S. Mo. 40-50 lb. (per head)	51.14	34.03	39.12	39.48	41.39 r	44.02	46.31	43.67	39.39	36.74	
Slaughter sheep & lambs:											
Lambs, Choice, San Angelo	56.44	57.40	62.18	59.88	65.12	67.58	70.12	72.50	73.32	63.88	
Ewes, Good, San Angelo	21.80	16.85	20.90	15.56	37.25	35.12	37.12	31.97	30.10	32.88	
Feeder lambs:											
Choice, San Angelo	53.31	54.87	61.02	53.12	72.31	72.06	73.25	65.50	74.25	71.84	
Wholesale meat prices, Midwest											
Choice steer beef, 600-700 lb.	101.31	97.83	98.01	90.54	99.50	97.42	92.00	89.20	89.52	88.48	
Canner & Cutter cow beef	78.96	78.48	74.70	76.25	76.26	80.52	80.94	77.22	78.06	75.41	
Pork loins, 8-14 lb. 3/	111.51	--	96.36	97.59	97.69	93.49	84.22	79.90	84.03	90.59	
Pork bellies, 12-14 lb.	76.54	60.58	60.08	67.12	67.50	64.14	64.25	58.83	58.64	70.12	
Hams, skinned, 14-17 lb.	91.47	75.60	78.22	72.03	72.86	74.11	70.44	65.18	63.07	63.44	
Commercial slaughter (thou. head)*											
Cattle											
Steers	17,277	17,486	17,474	1,569	1,523	1,291	1,349	1,377	1,553	1,434	
Heifers	10,394	10,758	10,691	878	962	856	905	979	981	873	
Cows	7,354	7,597	8,617	668	732	578	569	554	567	509	
Bulls & stags	818	808	788	72	61	51	59	61	72	62	
Calves	3,021	3,076	3,292	242	288	253	279	270	264	235	
Sheep & lambs											
Sheep	6,449	6,619	6,758	516	567	484	578	534	509	438	
Lambs	82,190	87,584	85,156	6,392	7,342	6,397	7,134	7,381	7,563	6,394	
Commercial production (mil. lb.)											
Beef											
Beef	22,366	23,058	23,410	1,984	2,066	1,768	1,857	1,935	2,088	1,894	
Veal	423	429	477	38	42	37	40	41	42	37	
Lamb & mutton	356	368	372	27	32	28	33	30	29	24	
Pork	14,121	15,120	14,718	1,156	1,281	1,105	1,232	1,288	1,328	1,125	
Annual											
	1982	1983	1984	I	II	III	IV	I	II	III	
Cattle on feed (13-States)											
Number on feed (thou. head) 1/	9,028	10,271	9,908	9,908	9,340	8,700	9,000	10,635	9,676	8,660	
Placed on feed (thou. head)	24,414	23,776	24,884	5,511	5,562	6,252	7,559	5,321	5,186	—	
Marketings (thou. head)	21,799	22,548	22,525	5,714	5,620	5,684	5,507	5,907	5,763	5/	5,978
Other disappearance (thou. head)	1,373	1,591	1,632	365	582	268	417	373	439	—	
Hogs & pigs (10-States) 4/											
Inventory (thou. head) 1/	42,890	44,150	42,420	45,150	40,070	41,915	43,180	42,420	39,530	41,450	
Breeding (thou. head) 1/	5,708	5,638	5,348	5,638	5,446	5,771	5,550	5,348	5,215	5,397	
Market (thou. head) 1/	37,182	38,512	37,072	38,512	34,624	36,144	37,630	37,072	34,315	36,053	
Farrowings (thou. head)	9,062	9,735	9,020	1,964	2,481	2,259	2,316	1,935	2,420	3/ 2,149	
Pig crop (thou. head)	66,797	72,733	67,680	14,288	18,814	17,158	17,420	14,538	18,762	—	

1/ Beginning of period. 2/ Bushels of corn equal in value to 100 pounds live-weight. 3/ Beginning January 1984 prices are for 14-17 lbs. 4/ Quarters are Dec. preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV).

5/ Intentions. *Classes estimated. r = revised.

Crops and Products

Food grains

	Marketing year 1/			1984		1985					
	1981/82	1982/83	1983/84	June	Jan	Feb	Mar	Apr	May	June	
Wholesale prices											
Wheat, No. 1 HRW, Kansas City (\$/bu.) 2/	4.27	3.94	3.83	3.80	3.76	3.74	3.67	3.62	3.34	3.38	
Wheat, DNS, Minneapolis (\$/bu.) 2/	4.17	3.94	4.21	4.40	3.47	3.52	3.55	3.64	3.35	3.54	
Rice, S.W. La. (\$/cwt.) 3/	20.20	18.00	19.38	19.25	18.00	18.00	18.00	18.00	18.00	18.00	
Wheat											
Exports (mil. bu.)	1,771	1,509	1,429	113	109	93	65	76	63	90	
Mill grind (mil. bu.)	631	656	694	55	57	57	59	55	58	n.a.	
Wheat flour production (mil. cwt.)	280	292	308	24	25	26	26	25	26	n.a.	
Marketing year 1/											
	1981/82			1983		1984			1985		
	1981/82	1982/83	1983/84	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May	p
Wheat											
Stocks, beginning (mil. bu.)	989	1,159	1,515	2,955	2,326	1,756	1,398	2,740	2,141	1,667	
Domestic use											
Food (mil. bu.)	602	616	635	161	163	102	212	167	165	105.5	
Feed & seed (mil. bu.) 4/	254	318	477	118	44	31	395	59	44	0	
Exports (mil. bu.)	1,771	1,509	1,429	362	364	226	645	374	266	139.1	

1/ Beginning June 1 for wheat and August 1 for rice. 2/ Ordinary protein. 3/ Long-grain, milled basis. 4/ Feed use approximated by residual. n.a. = not available.

Feed grains

	Marketing year 1/			1984		1985					
	1981/82	1982/83	1983/84	June	Jan	Feb	Mar	Apr	May	June	
Wholesale prices											
Corn, No. 2 yellow, St. Louis (\$/bu.)	2.61	2.98	3.45	3.57	2.86	2.84	2.86	2.88	2.81	2.79	
Sorghum, No. 2 yellow, Kansas City (\$/cwt.)	4.29	4.96	5.13	5.40	4.48	4.33	4.58	4.76	4.74	4.74	
Barley, feed, Minneapolis (\$/bu.)	2.21	1.76	2.48	2.59	1.98	1.99	1.97	2.05	2.05	1.90	
Barley, malting, Minneapolis (\$/bu.)	3.06	2.53	2.84	3.04	2.46	2.47	2.51	2.52	2.55	2.46	
Exports											
Corn (mil. bu.)	1,967	1,870	1,865	112	209	167	172	169	138	108	
Feed grains (mil. metric tons) 2/	58.4	54.0	55.8	3.2	6.2	5.3	5.3	4.9	4.0	3.4	

	Marketing year 1/			1983		1984			1985		
	1981/82	1982/83	1983/84	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May	p
Corn											
Stocks, beginning (mil. bu.)	1,034	2,174	3,120	3,120	4,913	3,251	2,145	723	5,856	3,961	
Domestic use:											
Feed (mil. bu.)	4,202	4,522	3,736	1,634	969	580	553	1,680	1,147	617	
Food, seed, ind. (mil. bu.)	812	898	973	220	184	187	383	235	201	206	
Food grains 2/											
Stocks, beginning (mil. metric tons)	34.6	68.2	97.3	108.0	154.9	104.3	70.6	44.1	181.9	123.5	
Domestic use:											
Feed (mil. metric tons)	128.5	139.5	117.4	49.3	29.4	18.1	20.3	53.5	35.6	18.8	
Food, seed, ind. (mil. metric tons)	25.8	28.0	29.8	6.6	5.9	6.1	11.2	7.1	6.3	6.8	

1/ Beginning October 1 for corn and sorghum; June 1 for oats and barley. 2/ Aggregated data for corn, sorghum, oats, and barley.

Fats and oils

	Marketing year 1/			1984			1985				
	1981/82	1982/83	1983/84	June	Jan	Feb	Mar	Apr	May	June	
Soybeans											
Wholesale price, No. 1 yellow, Chicago (\$/bu.) 2/	6.24	6.11	7.78	7.87	5.95	5.88	5.92	6.00	5.76	5.78	
Crushings (mil. bu.)	1,029.7	1,108.0	983	70.6	94.5	80.8	85.6	83.2	89.3	82.7	
Exports (mil. bu.)	929.1	905.2	740.3	41.1	72.5	80.6	67.9	65.4	33.1	18.2	
Soybean oil											
Wholesale price, crude, Decatur (cts./lb.)	19.0	20.6	30.55	35.87	28.01	29.64	31.33	33.63	32.49	32.46	
Production (mil. lb.)	10,979.4	12,040.4	10,872.0	794.6	1,027.4	878.9	946.0	917.5	983.3	908.8	
Domestic disap. (mil. lb.)	9,536.3	9,857.3	9,598	828.6	854.4	840.3	769.4	894.8	890.0	745.3	
Exports (mil. lb.)	2,076.3	2,024.7	1,814	157.3	66.7	198.3	184.8	66.8	52.4	138.8	
Stocks, beginning (mil. lb.)	1,736.1	1,102.5	1,261	1,203.1	777.1	803.5	723.8	715.6	665.9	706.7	
Soybean meal											
Wholesale price, 44% protein, Decatur (\$/ton)	182.52	187.19	188.21	174.4	135.2	125.25	125.9	117.90	111.5	110.25	
Production (thou. ton)	24,634.4	26,713.6	22,756.2	1,665.0	2,226.4	1,887.2	2,023.6	1,958.3	2,100.9	1,953.2	
Domestic disap. (thou. ton)	17,714.4	19,306.0	17,541.0	1,435.3	1,728.3	1,440.9	1,496.8	1,585.7	1,703.6	1,527.1	
Exports (thou. ton)	6,907.5	7,108.7	5,436.1	265.7	515.3	431.8	416.3	387.4	331.3	353.0	
Stocks, beginning (thou. ton)	162.7	175.2	474	391.2	336.8	319.6	334.1	444.6	429.8	568.9	
Margarine, wholesale price, Chicago (cts./lb.)	41.4	41.4	46.3	61.63	51.50	52.50	54.00	56.00	55.50	55.50	

1/ Beginning September 1 for soybeans; October 1 for soymeal and oil; calendar year for margarine. 2/ Beginning April 1, 1982, prices based on 30-day delivery, using upper end of the range.

Cotton

	Marketing year 1/			1984			1985				
	1981/82	1982/83	1983/84	June	Jan	Feb	Mar	Apr	May	June	
U.S. price, SLM, 1-1/16 in. (cts./lb.) 2/	60.5	63.1	73.1	75.0	60.0	58.6	60.2	61.7	60.1	59.8	
Northern Europe prices:											
Index (cts./lb.) 3/	73.8	76.7	87.6	83.7	71.4	69.2	67.3	66.3	65.1	62.8	
U.S. M 1-3/32" (cts./lb.) 4/	75.9	78.0	87.1	83.0	74.7	72.9	73.7	75.9	74.8	72.4	
U.S. mill consumption (thou. bales)	5,263.8	5,512.8	5,883.5	527.0	404.9	425.0	535.4	423.2	444.9	533.5	
Exports (thou. bales)	6,567.3	5,206.8	6,786.0	448.8	835.6	810.6	648.5	577.8	455.0	375.3	

1/ Beginning August 1. 2/ Average spot market. 3/ Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths. 4/ Memphis territory growths.

Fruit

	Annual			1984			1985				
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	
Producer price indexes											
Fresh fruit (1967=100)	235.4	250.6	260.2	259.7	256.2	285.7	248.7	258.1	244.3	242.1	
Dried fruit (1967=100)	409.7	409.3	385.2	405.0	359.0	355.8	355.8	356.2	362.2	362.2	
Canned fruit & juice (1967=100)	283.7	286.8	312.5	315.4	319.8	323.3	326.1	325.5	325.1	326.8	
Frozen fruit & juice (1967=100)	305.5	300.9	350.8	359.1	361.5	372.9	373.1	373.3	374.4	371.5	
F.o.b. shipping point prices											
Apples, Yakima Valley (\$/ctn.) 1/	n.a.	n.a.	n.a.	12.30	12.25	14.00	15.38	16.38	16.47	16.30	
Pears, Yakima Valley (\$/box) 2/	n.a.	n.a.	n.a.	6.94	12.83	15.13	15.00	15.50	12.14	23.50	
Oranges, U.S. avg. (\$/box) 3/	11.10	14.40	15.40	21.30	17.81	18.97	15.68	15.14	16.50	16.79	
Grapefruit, U.S. avg. (\$/box) 3/	9.03	9.13	10.00	11.00	11.11	13.18	11.53	11.24	20.75	14.62	
Year ending											
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	
Stocks, ending											
Fresh apples (mil. lb.)	3,082.3	2,980.1	3,171.5	237.8	2,464.2	1,058.1	1,372.3	910.4	485.1	291.2	
Fresh pears (mil. lb.)	180.9	250.6	184.9	4.1	134.2	89.9	59.2	34.1	10.3	1.5	
Frozen fruit (mil. lb.)	627.5	644.7	694.5	451.5	623.6	569.2	512.1	458.5	442.2	528.6	
Frozen fruit Juices (mil. lb.)	1,157.6	924.9	941.9	1,303.9	1,195.6	1,385.8	1,472.4	1,579.0	1,632.2	1,427.3	

1/ Red Delicious, Washington, extra fancy, carton tray pack, 80-113's. 2/ O'Anjou, Washington, standard box wrapped, U.S. No. 1, 90-135's. 3/ F.O.B. packed fresh. n.a. = not available.

Vegetables

	Annual			1984		1985					
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	
Wholesale prices											
Potatoes, white, f.o.b. East (\$/cwt.)	6.05	7.76	8.16	8.13	5.55	6.15	6.26	6.92	8.15	6.56	
Iceberg lettuce (\$/crtn.) 1/	5.92	6.29	5.08	4.46	7.75	4.31	4.52	4.87	3.92	2.90	
Tomatoes (\$/crtn.) 2/	7.40	8.69	8.52	6.48	9.56	11.00	17.00	11.40	4.17	5.81	
Wholesale price index, 10 canned veg. (1977=100)	137	137	145	147	154	152	142	143	144	143	
Grover price index, fresh commercial veg. (1977=100)	120	129	133	108	126	137	158	118	106	89	

1/ Std. carton 24's f.o.b. shipping point. 2/ 5 x 6 - 6 x 6, f.o.b. Fla-Cal.

Tobacco

	Annual			1984		1985					
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	
Prices at auctions 1/											
Flue-cured (cts./lb.)	178.6	177.9	181.0	--	--	--	--	--	--	--	
Burley (cts./lb.)	180.3	179.5	187.6	--	187.5	186.0	--	--	--	--	
Domestic consumption 2/											
Cigarettes (bill.)	634.0	600.0	600.4	60.5	58.2	55.7	58.2	52.7	n.a.	n.a.	
Large cigars (mil.)	3,667	3,605	3,491	324.7	234.9	209.6	248.3	240.9	n.a.	n.a.	

1/ Crop year July-June for flue-cured, October-September for burley. 2/ Taxable removals. n.a. = not available.

Sugar

	Annual			1984		1985					
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	
U.S. raw sugar price, N.Y. (cts./lb.) 1/	19.92	22.04	21.74	22.06	20.72	20.38	20.91	20.93	21.09	n.a.	
U.S. deliveries (thou. short tons) 2/	9,153	8,812	8,435	2,093	n.a.	n.a.	1,910	n.a.	n.a.	1,952	

1/ Spot price reported by (New York) Coffee, Sugar, and Cocoa Exchange, Inc. 2/ Raw value. Quarterly data shown at end of quarter in March, June, Sept., & Dec. Excludes Hawaii. n.a. = not available.

Coffee

	Annual			1984		1985					
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	p
Composite green price, N.Y. (cts./lb.)	132.00	131.51	142.95	144.79	137.91	138.29	136.31	134.61	134.64	132.91	
Imports, green bean equivalent (mil. lb.) 1/	2,352	2,260	2,414	135	230	235	227	193	175	237 F	
	Annual			1983		1984					
	1982	1983	1984	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June	p
Roastings (mil. lb.) 2/	2,293	2,238	2,287	650	575	518	557	637	573	490	

1/ Green and processed coffee. 2/ Instant soluble and roasted coffee. F = Forecast. p = preliminary.

Supply and Utilization: Crops

Supply and utilization: domestic measure¹

	Area		Yield	Production	Total supply 2/	Feed and residual	Other domestic use		Total use	Ending stocks	Farm price 3/
	Planted	Harvested					Exports				
	Mil. acres		Bu/acre				Mil. bu				\$/bu
Wheat											
1981/82	88.3	80.6	34.5	2,785	3,777	135	712	1,771	2,618	1,159	3.65
1982/83	86.2	77.9	35.5	2,765	3,932	195	713	1,509	2,417	1,515	3.55
1983/84*	76.4	61.4	39.4	2,420	3,939	376	735	1,429	2,540	1,399	3.53
1984/85*	79.2	66.9	38.8	2,595	4,002	419	735	1,424	2,578	1,424	3.58
1985/86*	—	—	—	2,376	3,805	350	760	1,200	2,310	1,495	3.05-3.25
	Mil. acres		lb/acre				Mil. cwt (rough equiv.)				\$/cwt
Rice											
1981/82	3.83	3.79	4,819	182.7	199.6	4/ 9.0	59.6	82.0	150.6	49.0	9.05
1982/83	3.30	3.26	4,710	153.6	203.4	4/ 8.9	54.0	68.9	131.8	71.5	8.11
1983/84*	2.19	2.17	4,598	99.7	171.9	4/ 5.6	49.1	70.3	125.0	46.9	8.76
1984/85*	2.80	2.78	4,926	137.0	185.4	4/ 5.0	53.7	62.0	120.7	64.7	8.25
1985/86*	2.47	2.45	5,047	123.6	190.3	4/ 5.0	55.0	59.0	119.0	71.3	7.80-8.80
	Mil. acres		Bu/acre				Mil. bu				\$/bu
Corn											
1981/82	84.1	74.5	108.9	8,119	9,154	4,202	812	1,967	6,980	2,174	2.50
1982/83	81.9	72.7	113.2	8,235	10,410	4,522	898	1,870	7,290	3,120	2.68
1983/84*	60.2	51.5	81.1	4,175	7,297	3,736	973	1,865	6,574	723	3.25
1984/85*	80.4	71.8	106.6	7,656	8,382	4,150	1,065	1,925	7,140	1,242	2.65
1985/86*	83.2	74.8	110.6	8,266	9,509	4,325	1,120	1,700	7,145	2,364	2.40-2.60
	Mil. acres		Bu/acre				Mil. bu				\$/bu
Sorghum											
1981/82	15.9	13.7	64.0	876	984	428	11	249	688	296	2.38
1982/83	16.0	14.1	59.1	835	1,131	507	10	214	731	400	2.52
1983/84*	11.9	10.0	48.7	488	888	381	10	246	637	251	2.84
1984/85*	17.2	15.3	56.4	866	1,117	525	20	275	820	297	2.40
1985/86*	17.9	16.2	64.9	1,048	1,345	550	20	275	845	500	2.25-2.45
	Mil. acres		Bu/acre				Mil. bu				\$/bu
Barley											
1981/82	9.6	9.0	52.4	474	620	198	174	100	473	148	2.44
1982/83	9.5	9.0	57.2	516	675	241	170	47	458	217	2.22
1983/84*	10.4	9.7	52.3	509	733	283	169	92	544	189	2.50
1984/85*	11.9	11.2	53.4	597	796	299	172	77	548	248	2.30
1985/86*	13.1	11.8	51.0	600	858	300	170	60	530	328	2.00-2.20
	Mil. acres		Bu/acre				Mil. bu				\$/bu
Oats											
1981/82	13.6	9.4	54.2	510	688	453	76	7	536	152	1.89
1982/83	14.0	10.3	57.8	593	749	441	85	3	529	220	1.49
1983/84*	20.3	9.1	52.6	477	727	466	78	2	546	181	1.67
1984/85*	12.4	8.1	58.1	472	683	428	74	1	503	180	1.71
1985/86*	13.1	8.8	59.3	519	719	425	80	2	507	212	1.40-1.60
	Mil. acres		Bu/acre				Mil. bu				\$/bu
Soybeans											
1981/82	67.8	66.4	30.1	2,000	2,318	5/ 93	1,030	929	2,052	266	6.04
1982/83	70.9	69.4	31.5	2,190	2,444	5/ 86	1,108	905	2,099	345	5.69
1983/84*	63.8	62.5	26.2	1,636	1,981	5/ 79	983	743	1,805	176	7.81
1984/85*	67.7	66.1	28.2	1,861	2,037	5/ 92	1,025	600	1,717	320	5.85
1985/86*	—	—	—	1,959	2,279	5/ 84	1,055	675	1,814	465	5.30
	Mil. acres		Bu/acre				Mil. bu				\$/bu
Soybean oil											
1981/82	—	—	—	10,979	12,715	—	9,535	2,077	11,612	1,103	19.0
1982/83	—	—	—	12,041	13,144	—	9,858	2,025	11,883	1,261	20.6
1983/84*	—	—	—	10,872	12,133	—	9,588	1,824	11,412	721	30.6
1984/85*	—	—	—	11,364	12,095	—	9,800	1,650	11,450	645	30.0
1985/86*	—	—	—	11,555	12,200	—	9,950	1,500	11,450	750	26.5
	Mil. lbs						Mil. lbs				\$/lb
Soybean meal											
1981/82	—	—	—	24,634	24,797	—	17,714	6,908	24,622	175	183
1982/83	—	—	—	26,714	26,889	—	19,306	7,109	26,415	474	187
1983/84*	—	—	—	22,756	23,230	—	17,615	5,360	22,975	255	188
1984/85*	—	—	—	24,460	24,715	—	19,500	4,700	24,200	515	124
1985/86*	—	—	—	24,925	25,440	—	20,000	4,800	24,800	640	115
	Thou. tons						Thou. tons				\$/ton

See footnotes at end of table.

Supply and utilization: domestic measure, continued

Area							Feed and resid- ual	Other domes- tic use	Ex- ports	Total use	Ending stocks	Farm price 3/
	Planted	Harves- ted	Yield	Produc- tion	Total supply 2/							

	Mil. acres	lb/acre					Mil. bales					\$/lb
Cotton												
1981/82	14.3	13.8	542	15.6	18.3	—	5.3	6.6	11.8	6/ 6.6	54.0	
1982/83	11.3	9.7	590	12.0	18.6	—	5.5	5.2	10.7	6/ 7.9	59.1	
1983/84*	7.9	7.3	508	7.8	15.7	—	5.9	6.8	12.7	6/ 2.8	8/ 58.4	
1984/85*	11.1	10.4	600	13.0	15.8	—	5.4	6.3	11.7	6/ 4.2	—	
1985/86*	10.7	10.4	638	13.8	18.0	—	5.2	4.0	9.2	6/ 8.9	—	

Supply and utilization: metric measure⁷

	Mil. hectares	Metric tons/ha			Mil. metric tons							\$/metric ton
Wheat												
1981/82	35.7	32.6	2.32	75.8	102.8	3.7	19.4	48.2	71.3	31.5	134	
1982/83	34.9	31.5	2.39	75.3	107.0	5.3	19.4	41.1	65.8	41.2	130	
1983/84*	30.9	24.8	2.65	65.9	107.2	10.2	20.0	38.9	69.1	38.1	130	
1984/85*	32.1	27.1	2.61	70.6	108.9	11.4	20.0	38.7	70.2	38.7	124	
1985/86*	—	—	—	64.6	103.5	9.5	20.7	32.6	62.8	40.7	112-119	

Mil. metric tons (rough equiv.)

Rice	1.5	1.5	5.40	8.3	9.0	4/ 0.4	2.7	3.7	6.8	2.2	200
1981/82	1.5	1.3	5.28	7.0	9.2	4/ 0.4	2.5	3.1	6.0	3.2	179
1982/83	0.9	0.9	5.15	4.5	7.8	4/ 0.2	2.2	3.2	5.7	2.1	193
1983/84*	1.1	1.1	5.52	6.2	8.4	4/ 0.3	2.4	2.8	5.5	2.9	182
1984/85*	1.0	1.0	5.66	5.6	8.6	4/ 0.3	2.5	2.7	5.4	3.2	172-194

Mil. metric tons

Corn	34.0	30.1	6.85	206.2	232.5	106.7	20.6	50.0	177.3	55.2	98
1982/83	35.1	29.4	7.12	209.2	264.4	114.9	22.8	47.5	185.2	79.2	106
1983/84*	24.6	20.8	5.10	106.0	185.4	94.9	24.7	47.4	167.0	18.4	128
1984/85*	32.5	29.1	6.68	194.5	212.9	105.4	27.1	48.9	181.4	31.5	104
1985/86*	33.7	30.3	6.94	210.0	241.5	109.9	28.4	43.2	181.5	60.0	95-102

Feed Grains	49.9	43.1	5.71	246.2	281.1	128.5	25.8	58.6	212.9	68.2	—
1982/83	49.1	42.9	5.83	250.2	318.7	139.4	28.0	54.0	221.4	97.3	—
1983/84*	41.6	32.5	4.20	136.4	234.4	117.5	29.8	55.7	202.9	31.5	—
1984/85*	49.3	43.1	5.48	236.3	268.5	131.5	32.4	57.6	221.4	47.1	—
1985/86*	51.5	45.1	5.70	257.2	304.8	136.5	33.8	51.5	221.9	82.9	—

Soybeans	27.4	26.9	2.03	54.4	63.1	5/ 2.5	28.0	25.3	55.8	7.2	222
1982/83	28.7	28.1	2.15	59.6	66.5	5/ 2.4	30.2	24.6	57.1	9.4	209
1983/84*	25.8	25.3	1.23	44.5	53.9	5/ 2.2	26.8	20.2	49.1	4.8	286
1984/85*	27.4	26.7	1.14	50.6	55.4	5/ 2.5	27.9	16.3	46.7	8.7	214
1985/86*	—	—	—	53.3	62.0	5/ 2.3	28.7	18.4	49.4	12.6	194

Soybean oil	—	—	—	4.98	5.77	—	4.33	.94	5.27	.50	419
1982/83	—	—	—	5.46	5.96	—	4.47	.92	5.39	.57	454
1983/84*	—	—	—	4.93	5.50	—	4.35	.83	5.17	.32	675
1984/85*	—	—	—	5.15	5.48	—	4.44	.75	5.19	.29	661
1985/86*	—	—	—	5.24	5.53	—	4.51	.68	5.19	.34	584

Soybean meal	—	—	—	22.36	22.51	—	16.08	6.27	22.35	.16	201
1982/83	—	—	—	24.24	24.39	—	17.52	6.45	23.96	.43	206
1983/84*	—	—	—	20.64	21.07	—	15.98	4.86	20.84	.23	207
1984/85*	—	—	—	22.19	22.42	—	17.69	4.26	21.95	.47	137
1985/86*	—	—	—	22.61	23.08	—	18.14	5.29	22.50	.58	127

Cotton	5.8	5.7	.60	3.41	3.99	—	1.15	1.43	2.58	6/ 1.44	1.19
1982/83	4.6	3.9	.66	2.60	4.05	—	1.20	1.13	2.33	6/ 1.73	1.30
1983/84*	3.2	3.0	.57	1.69	3.42	—	1.29	1.48	2.77	6/ .60	1.46
1984/85*	4.5	4.2	.67	2.83	3.43	—	1.18	1.37	2.55	6/ .91	—
1985/86*	4.3	4.2	.71	3.00	3.92	—	1.13	.87	2.00	6/ 1.94	—

*August 12, 1985 Supply and Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, and oats, August 1 for cotton and rice, September 1 for soybeans, and October 1 for corn, sorghum, soymeal, and soyoil. 2/ Includes imports. 3/ Season average. 4/ Statistical discrepancy. 5/ Includes seed. 6/ Upland and extra long staple. Stock estimates based on Census Bureau data which results in an unaccounted difference between supply and use estimates and changes in ending stocks. 7/ Conversion factors: Hectares (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9296 bushels of barley, 68.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 480-pound bales of cotton. 8/ Through April 30, 1985 (weighted avg.).

General Economic Data

Gross national product and related data

	Annual			1984			1985	
	1982	1983	1984	II	III	IV	I	II P
	\$ Bill. (Quarterly data seasonally adjusted at annual rates)							
Gross national product 1/	3,069.3	3,304.8	3,662.8	3,644.7	3,694.6	3,758.7	3,810.6	3,853.5
Personal consumption expenditures	1,984.9	2,155.9	2,341.8	2,332.7	2,361.4	2,396.5	2,446.5	2,496.1
Durable goods	245.1	279.8	318.8	320.7	317.2	326.3	334.8	340.7
Non durable goods	757.5	801.7	856.9	858.3	861.4	866.5	877.3	894.7
Clothing & shoes	118.8	127.0	140.2	142.2	139.3	143.2	145.5	149.9
Food & beverages	392.8	416.5	443.6	442.1	448.6	449.8	457.3	465.1
Services	982.2	1,074.4	1,166.1	1,153.7	1,182.8	1,203.8	1,234.4	1,260.7
Gross private domestic investment	414.9	471.6	637.8	627.0	662.8	637.8	646.8	638.7
Fixed Investment	441.0	485.1	579.6	576.4	591.0	601.1	606.1	626.1
Nonresidential	349.6	352.9	425.7	420.8	435.7	447.7	450.9	466.5
Residential	91.4	132.2	153.9	155.6	155.3	153.5	155.2	159.6
Change in business inventories	-26.1	-13.5	58.2	50.6	71.8	36.6	40.7	12.6
Net exports of goods & services	19.0	-8.3	-64.2	-58.7	-90.6	-56.0	-74.5	-91.1
Exports	348.4	336.2	364.3	362.4	368.6	367.2	360.7	349.5
Imports	329.4	344.4	428.5	421.1	459.3	423.2	435.2	440.7
Government purchases of goods & services	650.5	685.5	747.4	743.7	761.0	780.5	791.9	809.8
Federal	258.9	269.7	295.4	296.4	302.0	315.7	319.9	325.2
State & local	391.5	415.8	452.0	447.4	458.9	464.8	472.0	484.6
1972 \$Bill. (Quarterly data seasonally adjusted at annual rates)								
Gross national product	1,480.0	1,534.7	1,639.3	1,638.8	1,645.2	1,662.4	1,663.5	1,670.7
Personal consumption expenditures	963.3	1,009.2	1,062.4	1,064.2	1,065.9	1,075.4	1,089.1	1,103.1
Durable goods	140.5	157.5	178.0	178.6	177.0	182.9	187.0	190.6
Non durable goods	363.1	376.3	393.5	396.6	395.5	395.0	398.6	404.4
Clothing & shoes	84.2	88.5	96.5	99.1	95.9	96.9	97.9	100.3
Food & beverages	182.3	188.9	193.4	193.6	195.6	194.7	196.8	200.2
Services	459.8	475.4	490.8	488.9	493.5	497.5	503.5	508.1
Gross private domestic investment	194.3	221.0	289.9	283.9	300.2	289.9	292.1	287.7
Fixed Investment	204.7	224.6	265.1	263.7	269.6	273.1	273.0	281.9
Nonresidential	166.9	171.0	204.9	202.9	209.5	213.8	213.0	219.9
Residential	37.9	53.7	60.2	60.8	60.1	59.2	60.0	62.0
Change in business inventories	-10.4	-3.6	24.8	20.3	30.6	16.8	19.1	5.8
Net exports of goods & services	29.7	12.6	-15.0	-11.4	-27.0	-13.4	-28.4	-33.8
Exports	147.6	139.5	146.0	144.7	147.4	147.1	143.7	139.0
Imports	118.0	126.9	161.1	156.2	174.4	160.5	172.1	172.7
Government purchases of goods & services	292.7	291.9	302.1	302.1	306.1	310.5	310.7	313.7
Federal	117.0	116.2	122.5	123.2	125.0	129.6	129.8	130.6
State & local	175.7	175.7	179.6	178.9	181.1	180.9	180.9	183.1
New plant & equipment expenditures (\$bill.)	310.58	304.78	353.4	348.34	361.12	367.21	371.16	385.31
Implicit price deflator for GNP (1972=100)	207.38	215.34	223.3	222.40	224.57	226.10	229.07	230.65
Disposable Income (\$bill.)	2,180.5	2,340.1	2,576.8	2,554.3	2,606.4	2,644.5	2,654.8	2,734.6
Disposable Income (1972 \$bill.)	1,058.3	1,095.4	1,169.0	1,165.3	1,176.5	1,186.7	1,181.9	1,208.5
Per capita disposable income (\$)	9,385	9,977	10,887	10,806	11,000	11,133	11,154	11,467
Per capita disposable income (1972 \$)	4,555	4,670	4,939	4,930	4,965	4,996	4,965	5,068
U.S. population, total, incl. military abroad (mil.)	232.3	234.5	236.7	236.4	237.0	237.6	238.1	238.4
Civilian population (mil.)	230.2	232.3	234.4	234.2	234.8	235.5	235.9	236.2

See footnotes at end of next table.

Selected monthly indicators

	Annual			1984			1985				
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	p
Monthly data seasonally adjusted except as noted											
Industrial production, total 2/ (1977=100)	103.1	109.2	121.8	122.3	123.6	123.7	124.0	124.3	124.4	124.6	
Manufacturing (1977=100)	102.2	110.2	123.9	124.1	125.9	125.8	126.3	126.7	126.7	126.9	
Durable (1977=100)	99.9	107.7	124.8	124.7	127.8	127.2	128.0	128.4	128.0	128.1	
Non-durable (1977=100)	105.5	113.7	122.5	123.2	123.8	123.9	124.3	124.9	124.9	125.3	
Leading economic indicators 1/ 3/	136.8	156.0	165.7	166.7	166.3	167.7	167.6	166.7	166.9	168.5	
(1967=100)											
Employment 4/ (mil. persons)	99.5	100.9	105.0	105.4	106.4	106.7	107.1	106.9	107.0	106.4	
Unemployment rate 4/ (%)	9.7	9.6	7.5	7.2	7.3	7.3	7.3	7.3	7.3	7.3	
Personal income 1/											
(\$ bil., annual rate)	2,584.6	2,744.2	3,012.1	3,006.5	3,129.2	3,146.0	3,156.2	3,187.5	3,170.2	3,187.0	
Hourly earnings in manufacturing 4/ 5/ (\$)	8.49	8.83	9.17	9.15	9.42	9.42	9.45	9.48	9.48	9.50	
Money stock-M1 (daily avg.) 2/	6/ 480.8	6/ 528.0	6/ 558.5	547.3	562.7	569.4	572.1	574.9	581.6	591.2	
Money stock-M2 (daily avg.) 2/	6/ 1,954.9	6/ 2,188.6	6/ 2,371.4	2,269.3	2,398.9	2,421.0	2,429.2	2,427.3	2,444.6	2,473.1	
Three-month Treasury bill rate 2/ (%)	10.686	8.63	9.58	9.94	7.76	8.22	8.57	8.00	7.56	7.01	
Aaa corporate bond yield (Moody's) 5/ 7/ (%)	13.79	12.04	12.71	13.55	12.06	12.13	12.56	12.23	11.72	10.94	
Interest rate on new home mortgages 5/ 8/ (%)	15.14	12.57	12.58	12.10	12.27	12.21	11.92	12.05	12.01	11.75	
Housing starts, private (Incl. farm) (thous.)	1,062	1,709	1,750	1,837	1,849	1,647	1,889	1,933	1,673	1,705	
Auto sales at retail, total 1/ (mil.)	8.0	9.2	10.4	10.6	10.9	11.0	10.7	11.1	11.3	10.3	
Business sales, total 1/ (\$ bil.)	344.7	368.7	411.7	414.0	417.4	418.7	420.8	426.7	427.6	—	
Business inventories, total 1/ (\$ bil.)	9/ 509.2	9/ 520.3	9/ 573.4	552.4	575.8	578.9	578.8	580.2	577.9	—	
Sales of all retail stores (\$ bil.) 10/	89.3	97.9	106.1	109.1	111.0	112.1	111.9	115.4	114.8	113.9	
Durable goods stores (\$ bil.)	28.1	33.0	38.7	39.4	40.6	41.1	40.8	42.9	42.5	41.6	
Non-durable goods stores (\$ bil.)	61.3	64.8	69.4	69.7	70.4	71.0	71.1	72.4	72.3	72.4	
Food stores (\$ bil.)	20.4	21.2	22.5	22.5	23.1	23.1	23.0	23.3	23.3	23.4	
Eating & drinking places (\$ bil.)	8.7	9.6	10.3	10.3	10.5	10.6	10.8	10.8	11.1	11.1	
Apparel & accessory stores (\$ bil.)	4.6	5.0	5.6	5.7	5.5	5.8	6.0	5.9	5.9	6.1	

1/ Department of Commerce. 2/ Board of Governors of the Federal Reserve System. 3/ Composite index of 12 leading indicators. 4/ Department of Labor, Bureau of Labor Statistics. 5/ Not seasonally adjusted. 6/ December of the year listed. 7/ Moody's Investors Service. 8/ Federal Home Loan Bank Board. 9/ Book value, end of period. 10/ Adjusted for seasonal variations, holidays, and trading day differences. p = preliminary.

U.S. Agricultural Trade

Prices of principal U.S. agricultural trade products

	Annual			1984			1985				
	1982	1983	1984	June	Jan	Feb	Mar	Apr	May	June	
Export commodities											
Wheat, f.o.b. vessel,											
Gulf ports (\$/bu.)	4.38	4.30	4.17	4.12	4.06	4.03	3.97	3.97	3.77	3.65	
Corn, f.o.b. vessel, Gulf ports (\$/bu.)	2.80	3.49	3.50	3.74	3.08	3.06	3.10	3.10	3.00	2.97	
Grain sorghum,											
f.o.b. vessel, Gulf ports (\$/bu.)	2.81	3.34	3.00	3.16	2.93	2.88	2.99	3.04	2.90	2.72	
Soybeans, f.o.b. vessel, Gulf ports (\$/bu.)	6.36	7.31	7.38	8.09	6.30	6.20	6.28	6.29	6.03	6.03	
Soybean oil, Decatur (cts./lb.)	18.33	23.51	30.75	35.60	27.58	29.42	31.35	34.07	32.41	32.42	
Soybean meal, Decatur (\$/ton)	179.70	200.91	166.80	174.45	136.13	126.45	125.76	117.86	111.98	110.80	
Cotton, 10 market avg. spot (cts./lb.)	60.10	68.68	68.37	75.00	59.96	58.65	60.18	61.67	60.11	59.76	
Tobacco, avg. price of auction (cts./lb.)	172.20	173.96	173.99	166.06	181.01	177.10	178.14	177.56	175.84	175.84	
Rice, f.o.b. mill, Houston (\$/cwt.)	18.89	19.39	19.47	19.50	18.75	18.75	18.75	18.75	18.75	18.75	
Inedible tallow, Chicago (cts./lb.)	12.85	13.41	17.47	20.00	17.50	17.50	17.50	17.70	16.19	14.31	
Import commodities											
Coffee, N.Y. spot (\$/lb.)	1.41	1.33	1.46	1.47	1.40	1.45	1.41	1.38	1.38	1.40	
Sugar, N.Y. spot (cts./lb.)	19.86	22.04	21.74	22.06	20.72	20.38	20.90	20.97	21.09	n.a.	
Rubber, N.Y. spot (cts./lb.)	45.48	56.19	49.70	47.50	42.04	42.11	41.45	42.13	40.93	41.64	
Cocoa beans, N.Y. (\$/lb.)	.75	.92	1.06	1.80	.98	1.00	.99	1.02	.96	.92	
Bananas, (\$/40lb. box)	6.80	7.93	6.70	8.33	6.83	8.03	8.23	8.79	8.30	6.90	

p = preliminary. n.a. = not available.

U.S. agricultural exports

	October-June				June			
	1983/84	1984/85	1983/84	1984/85	1984	1985	1984	1985
	Thou. units		\$ Thou.		Thou. units		\$ Thou.	
Animals, live (no.)	555	802	157,167	182,860	51	81	8,596	14,625
Meats & preps., excl. poultry (mt)	314	313	698,142	675,151	26	35	61,257	70,715
Dairy products (mt)	282	289	270,130	302,698	21	31	20,318	37,256
Poultry meats (mt)	164	173	208,608	193,825	21	17	25,066	18,344
Fats, oils, & greases (mt)	1,053	901	516,318	468,422	73	87	43,285	42,455
Hides & skins incl. furskins (na)	—	—	1,023,421	1,045,086	—	—	111,743	121,044
Cattle hides, whole (no.)	18,475	19,295	755,014	776,781	2,050	2,547	90,390	99,365
Mink pelts (no.)	2,388	2,028	63,046	55,697	246	254	6,158	5,664
Grains & feeds (mt)	79,782	77,168	12,909,709	10,982,400	6,995	6,478	1,144,912	927,421
Wheat (mt)	27,488	22,455	4,372,142	3,418,787	2,867	2,293	438,959	334,551
Wheat flour (mt)	935	616	198,475	140,794	132	72	30,771	16,014
Rice (mt)	1,673	1,401	665,781	489,773	215	139	79,922	47,236
Feed grains, excl. products (mt)	43,666	46,885	6,470,490	5,872,850	3,160	3,347	474,091	416,751
Feeds & fodders (mt)	5,407	4,986	955,362	766,066	548	507	92,311	73,104
Other grain products (mt)	613	825	247,459	294,130	73	120	28,858	39,765
Fruits & preps. excl. juices (mt)	1,236	1,121	780,703	752,167	135	127	97,935	88,870
Fruit Juices (hl)	4,192	3,522	165,192	150,655	509	471	21,286	18,947
Nuts & preps. (mt)	272	364	414,800	521,204	20	28	36,618	43,223
Vegetables & preps. (mt)	1,220	1,141	795,531	748,206	128	141	79,489	85,575
Tobacco, unmanufactured (mt)	192	210	1,216,368	1,305,476	13	7	83,138	43,996
Cotton, excl. linters (mt)	1,231	1,130	1,969,693	1,750,272	98	82	164,772	115,775
Seeds (mt)	210	239	263,468	290,957	16	17	15,385	19,603
Sugar, cane or beet (mt)	241	240	62,274	47,140	18	31	3,946	4,600
Oilsseeds & products (mt)	23,482	20,380	7,470,386	5,319,635	1,563	1,043	552,340	295,378
Oilsseeds (mt)	17,939	15,748	5,506,928	3,829,851	1,214	606	394,746	149,557
Soybeans (mt)	16,848	14,661	5,044,551	3,453,151	1,136	496	356,792	114,163
Protein meal (mt)	4,366	3,571	1,065,268	673,589	230	332	53,086	56,633
Vegetable oils (mt)	1,177	1,060	898,189	816,216	119	105	104,508	89,188
Essential oils (mt)	8	10	74,789	82,409	1	2	6,012	9,815
Other	—	—	840,654	815,311	—	—	84,689	96,532
Total	—	—	29,837,355	25,613,874	—	—	2,560,787	2,054,174

Indexes of nominal and real trade-weighted dollar exchange rates

	1984						1985					
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
	April 1971=100											
Total agriculture												
Nominal 1/	770.3	823.2	899.3	938.9	1,067.0	1,152.2	1,281.5	1,404.0	1,525.5	1,706.5	1,861.0	2,041.6
Real 2/	100.2	100.6	102.9	103.5	102.5	104.2	106.1	108.5*	108.6*	105.0*	105.4*	105.6*
Soybeans												
Nominal	166.8	168.0	172.6	175.6	175.2	180.6	185.1	191.9	194.5	187.8	190.3	197.3
Real	96.5	97.4	100.7	101.6	99.6	102.1	103.4	107.4*	107.3*	101.9*	102.3*	101.5*
Wheat												
Nominal	3,645.3	3,957.5	4,394.5	4,612.4	5,378.4	5,864.8	6,598.2	7,285.2	7,988.1	9,092.9	9,996.1	11,011.6
Real	104.4	104.5	105.5	105.2	106.4	106.9	108.9	109.6*	109.7*	110.3*	111.3*	113.0*
Corn												
Nominal	740.4	789.2	860.0	897.8	1,013.2	1,092.5	1,211.9	1,326.1	1,437.7	1,598.6	1,740.2	1,905.4
Real	99.4	100.3	103.2	104.1	102.5	104.7	106.1	109.4*	109.4*	104.5*	105.0*	104.2*
Cotton												
Nominal	190.3	191.1	195.5	197.0	197.6	207.0	209.3	211.5	212.9	211.3	212.8	212.8
Real	95.6	96.1	97.0	97.8	98.0	99.1	100.0	101.6*	102.3*	101.1*	101.8*	101.6*

1/ Nominal values are percentage changes in currency units per dollar, weighted by proportion of agricultural exports from the United States. An increase indicates that the dollar has appreciated. 2/ Real values are computed in the same way as the nominal series, adjusted for CPI changes in the countries involved.

*Preliminary; assumes the same rate of CPI increase/decrease as the previous six months.

U.S. agricultural exports by regions

Region & country	October-June		June		Change from year earlier	
	1983/84	1984/85	1984	1985	October-June	June
	\$ Mill.				Percent	
Western Europe	7,863	5,937	484	347	-24	-28
European Community	5,660	4,433	359	252	-22	-30
Belgium-Luxembourg	663	364	42	25	-45	-40
France	457	330	40	21	-28	-48
Germany, Fed. Rep.	1,119	752	47	43	-33	-9
Italy	649	596	44	35	-8	-20
Netherlands	1,933	1,618	115	82	-16	-29
United Kingdom	607	503	56	32	-17	-43
Other Western Europe	2,204	1,504	125	95	-32	-24
Portugal	606	403	51	31	-33	-39
Spain, incl. Canary Is.	1,077	676	48	32	-37	-33
Switzerland	270	213	12	14	-21	17
Eastern Europe	579	447	67	23	-23	-66
German Dem. Rep.	109	80	0	0	-27	0
Poland	157	104	12	8	-34	-33
USSR	1,893	2,480	50	37	31	-26
Asia	11,829	9,507	1,108	865	-20	-22
West Asia (Mideast)	1,360	1,173	146	106	-14	-27
Turkey	162	124	25	3	-23	-88
Iraq	305	328	47	48	8	2
Israel	257	232	8	19	-10	138
Saudi Arabia	353	287	32	22	-19	-31
South Asia	756	475	64	61	-37	-5
India	339	102	8	9	-70	13
Pakistan	254	151	51	40	-41	-22
East & Southeast Asia	9,714	7,859	897	698	-19	-22
China	484	178	47	4	-63	-91
Taiwan	1,099	1,092	70	93	-1	33
Japan	5,450	4,530	513	352	-17	-31
Korea, Rep.	1,432	1,105	136	149	-23	10
Hong Kong	310	293	35	30	-5	-14
Indonesia	359	164	41	18	-54	-56
Philippines	189	207	30	29	10	-3
Africa	2,117	2,038	230	229	-4	0
North Africa	1,068	1,025	118	75	-4	-36
Morocco	239	133	55	20	-44	-64
Algeria	127	199	10	25	57	150
Egypt	628	636	44	22	1	-50
Sub-Saharan	1,049	1,013	112	154	-3	38
Nigeria	276	306	24	37	11	54
Rep. S. Africa	464	167	48	4	-64	-92
Latin America & Caribbean	3,934	3,700	435	369	-6	-15
Brazil	504	470	29	16	55	-45
Caribbean	607	578	62	57	-5	-8
Colombia	177	181	24	16	2	-33
Mexico	1,527	1,428	169	156	-6	-8
Peru	180	83	12	5	-54	-58
Venezuela	594	533	80	71	-10	-11
Canada	1,457	1,341	173	173	-8	0
Oceania	164	165	15	11	1	-27
Total 1/	29,837	25,614	2,561	2,054	-14	-20

1/ Totals may not add due to rounding.

U.S. agricultural imports

	October-June				June			
	1983/84	1984/85	1983/84	1984/85	1984	1985	1984	1985
	Thou. units		\$ Thou.		Thou. units		\$ Thou.	
Animals, live (no.)	1,401	1,765	448,909	467,536	150	171	37,791	40,801
Meats & preps., excl. poultry (mt)	635	811	1,361,090	1,630,257	58	100	124,108	193,350
Beef & veal (mt)	384	469	823,106	928,369	28	57	63,352	109,084
Pork (mt)	231	316	491,660	647,678	28	40	57,289	78,663
Dairy products (mt)	262	316	549,334	566,775	26	28	46,021	61,198
Poultry products	---	---	93,463	71,236	---	---	11,042	8,923
Fats, oils, & greases (mt)	13	16	9,259	13,925	1	2	1,162	1,728
Hides & skins, incl. furskins	---	---	174,142	197,002	—	—	22,671	15,710
Wool, unmanufactured (mt)	47	33	154,683	112,188	4	3	12,628	10,407
Grains & feeds (mt)	1,269	1,571	389,643	452,198	159	197	42,438	55,153
Fruits, nuts, & preps.	---	---	1,695,016	2,233,063	---	---	173,887	267,718
Bananas & plantains (mt)	2,123	2,251	518,821	559,850	201	244	48,840	60,480
Vegetables & preps. (mt)	1,766	1,805	1,057,320	1,117,033	92	130	74,093	87,044
Tobacco, unmanufactured (mt)	135	138	403,573	402,507	10	15	30,473	40,603
Cotton, unmanufactured (mt)	22	25	10,990	13,838	2	1	1,558	897
Seeds (mt)	77	84	82,088	73,598	2	3	3,553	6,612
Nursery stock & cut flowers	---	---	220,227	245,108	—	—	21,397	25,122
Sugar, cane or beet (mt)	2,260	1,906	905,587	763,424	159	216	69,929	94,193
Oilseeds & products (mt)	911	937	596,172	601,354	61	113	47,011	60,732
Oilseeds (mt)	193	203	79,399	79,866	18	29	7,355	9,965
Protein meal (mt)	99	121	18,058	13,207	8	15	1,475	1,721
Vegetable oils (mt)	619	613	498,715	508,281	34	69	38,180	49,045
Beverages excl. fruit juices (hl)	9,754	11,196	1,099,363	1,187,565	1,127	1,530	120,157	167,245
Coffee, tea, cocoa, spices (mt)	1,313	1,418	3,462,379	3,779,096	117	156	316,760	421,281
Coffee, incl. products (mt)	824	833	2,386,766	2,419,883	66	108	194,891	308,095
Cocoa beans & products (mt)	340	428	764,083	1,006,417	37	33	88,481	78,965
Rubber & allied gums (mt)	607	628	645,126	543,366	42	49	46,413	40,055
Other	---	---	605,225	666,226	—	—	60,064	80,253
Total	—	—	13,963,589	15,137,095	—	—	1,263,156	1,679,025

Trade balance

	October-June				June			
	1983/84	1984/85	1984	1985	\$ Mill.			
Exports								
Agricultural	29,837	25,614	2,561	2,054				
Nonagricultural	126,366	136,002	15,365	15,379				
Total 1/	156,203	161,616	17,926	17,433				
Imports								
Agricultural	13,964	15,137	1,263	1,679				
Nonagricultural	214,109	233,933	24,388	28,262				
Total 2/	228,073	249,070	25,651	29,941				
Trade balance								
Agricultural	15,873	10,477	1,298	375				
Nonagricultural	-87,743	-97,931	-9,023	-12,883				
Total	-71,870	-87,454	-7,725	-12,508				

1/ Domestic exports including Department of Defense shipments (F.A.S. value). 2/ Imports for consumption (customs value).

World Agricultural Production

World supply and utilization of major crops

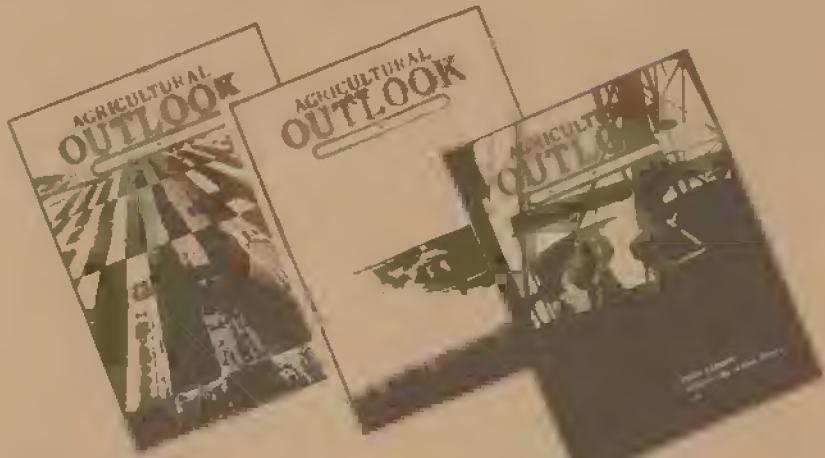
	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85 E	1985/86 P
Mill. units							
Wheat							
Area (hectare)	227.6	236.5	239.3	238.5	229.0	231.2	231.8
Production (metric ton)	422.8	442.7	448.4	479.1	490.3	513.9	509.8
Exports (metric ton) 1/	86.0	94.1	101.3	98.6	102.9	105.6	96.5
Consumption (metric ton) 2/	443.5	445.6	441.4	467.9	488.5	502.9	502.9
Ending stocks (metric ton) 3/	80.4	78.2	85.1	96.4	98.3	109.3	116.3
Coarse grains							
Area (hectare)	341.1	336.6	343.9	332.4	333.9	340.8	346.1
Production (metric ton)	741.5	732.0	769.9	779.2	685.5	806.6	837.3
Exports (metric ton) 1/	98.8	108.0	96.6	89.9	91.7	102.4	94.7
Consumption (metric ton) 2/	740.3	742.1	739.8	753.6	758.7	782.8	801.1
Ending stocks (metric ton) 3/	91.6	82.8	112.9	138.6	65.3	89.1	125.3
Rice, milled							
Area (hectare)	143.1	144.3	145.1	141.1	144.8	145.4	145.4
Production (metric ton)	253.9	271.0	280.6	285.5	307.2	318.2	319.6
Exports (metric ton) 4/	12.7	13.1	11.8	11.9	12.7	11.6	11.8
Consumption (metric ton) 2/	257.8	272.3	281.5	289.6	307.3	314.8	319.1
Ending stocks (metric ton) 3/	23.4	22.1	21.3	17.4	17.3	20.7	21.2
Total grains							
Area (hectare)	711.8	717.4	728.3	712.0	707.7	717.4	723.3
Production (metric ton)	1,418.2	1,445.7	1,498.9	1,543.8	1,483.0	1,638.7	1,666.7
Exports (metric ton) 1/	197.5	215.2	209.7	200.4	207.3	219.6	203.0
Consumption (metric ton) 2/	1,441.9	1,460.0	1,462.7	1,511.1	1,554.5	1,600.5	1,623.1
Ending stocks (metric ton) 3/	195.4	183.1	219.3	252.4	180.9	219.1	262.8
Oilseeds							
Production (metric ton)	170.1	155.8	169.4	177.9	165.2	186.5	191.8
Trade (metric ton)	35.9	32.1	36.0	35.0	32.8	32.1	33.2
Meals							
Production (metric ton)	92.9	90.8	94.0	97.9	92.8	99.3	101.9
Trade (metric ton)	26.5	25.9	28.8	31.4	29.4	30.7	31.5
Oils							
Production (metric ton)	39.7	40.0	41.5	43.3	42.3	45.7	47.4
Trade (metric ton)	12.8	12.5	13.2	14.2	14.2	15.1	15.4
Cotton							
Area (hectare)	32.2	32.4	33.2	31.9	31.3	34.7	33.2
Production (bale)	65.2	64.8	70.8	67.5	67.9	85.8	79.6
Exports (bale)	23.1	19.7	20.2	19.4	19.3	20.5	20.1
Consumption (bale)	65.3	65.9	65.5	68.0	69.0	69.8	71.3
Ending stocks (bale)	24.0	24.1	25.4	12.0	24.8	40.1	47.4

E = Estimated. P = Projected. 1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1979 data correspond with 1978/79, etc.

AGRICULTURAL OUTLOOK

Tracking the Business of Agriculture

Agricultural Outlook pools USDA's latest analyses of the agricultural economy in one comprehensive monthly package. Besides its regular outlook coverage—including commodity supply and demand, world agriculture and trade, food and marketing, farm inputs, agricultural policy, transportation and storage, and related developments in the general economy—Agricultural Outlook is USDA's official outlet for farm income and food price forecasts. While emphasizing short-term outlook information, the magazine also publishes special reports containing long-term analyses of topics ranging from international trade policies to U.S. land use and availability. Agricultural Outlook averages 48 pages and includes 6 pages of updated charts and 20 pages of statistical tables.



Order Now!

Agricultural Outlook Subscription Order Form

Enclosed is \$ _____ check,
 money order, or charge to my
Deposit Account No.

_____ - _____

Order No. _____

Mail to:
Superintendent of Documents
U.S. Government Printing Office
Washington, D.C. 20402

For Office Use Only	
Quantity	Charges
Enclosed	_____
To be mailed	_____
Subscriptions	_____
Postage	_____
Foreign handling	_____
MMOB	_____
OINR	_____
UPNS	_____
Discount	_____
Refund	_____

Credit Card Orders Only



Total charges \$ _____

Fill in the boxes below

Credit Card No. _____



Expiration Date
Month/Year _____

Please enter my subscription to Agricultural Outlook (ARGO) for one year at
\$29.00 Domestic \$36.25 Foreign.

Name—First Last		
Company name or additional address line		
Street address		
City	State	ZIP Code
(or Country)		

PLEASE PRINT OR TYPE

Make checks payable to: Superintendent of Documents

United States
Department of Agriculture
Washington, DC 20250

OFFICIAL BUSINESS
Penalty for Private Use. \$300

FIRST-CLASS MAIL
POSTAGE & FEES PAID
U.S. Dept. of Agriculture
Permit No. G-145

Moving? To change your address, send
this sheet with label intact, showing new
address, to EMS Information, Rm. 228,
1301 New York Ave., N.W., Washington,
D.C. 20005-4788